PARLIAMENTARY DEBATES

(HANSARD)

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HOUSE OF COMMONS

OFFICIAL REPORT

FOURTH SESSION OF THE FIFTY-FOURTH PARLIAMENT
OF THE UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND
FIFTY-EIGHTH YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SESSION 2008–2009

COMPRISING PERIOD
12 October 2009—22 October 2009

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OFFICIAL REPORT

IN THE FOURTH SESSION OF THE FIFTY-FOURTH PARLIAMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND
[WHICH OPENED 11 MAY 2005]

FIFTY-EIGHTH YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SIXTH SERIES **VOLUME 497**

THIRTEENTH VOLUME OF SESSION 2008-2009

House of Commons

Monday 12 October 2009

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Mr. Speaker: The House will be aware of the protest on the roof of Westminster Hall. For very good reasons we do not discuss matters of security in this Chamber, but I wanted to say to the House at the first opportunity that I have had a preliminary report and the full circumstances are now being investigated urgently and thoroughly. The results of that investigation will be considered by a meeting of the Joint Committee on Security in the very near future. Whatever action is necessary will be taken.

Secondly, as I emphasised before the recess, I repeat that I am keen to make good progress both at Question Time and in the conduct of ministerial statements. I am therefore looking to each Member to ask a single, short supplementary question and to the Minister at the Dispatch Box to provide a brief reply.

Oral Answers to Questions

CHILDREN, SCHOOLS AND FAMILIES

The Secretary of State was asked—

Child Care

1. **John Howell** (Henley) (Con): What recent assessment he has made of the sustainability of provision in the child care sector; and if he will make a statement. [292191]

5. **Mr. Shailesh Vara** (North-West Cambridgeshire) (Con): What recent assessment he has made of the sustainability of provision in the child care sector. [292196]

The Parliamentary Under-Secretary of State for Children, Schools and Families (Mr. Iain Wright): With your permission, Mr. Speaker, I shall answer question 1 with question 5.

We monitor the child care market, including the sustainability of provision, on an ongoing basis through regular surveys, and feedback from local authorities, Government offices and partner organisations. Local authorities have substantial Government revenue and capital funding to help to ensure that providers in their areas remain sustainable while continuing to give children the best start in life and provide invaluable support to their parents.

Mr. Speaker: I apologise: I did not hear the Minister say that question 1 was grouped, but if he did I am very grateful to him.

John Howell: My constituents, like those of others, benefit from a mixed market in child care provision, which includes state, private, voluntary and independent providers. Will the Minister therefore not show some shame for the way his and the Government's policies have plunged a third of providers into the red and left parents, other providers and the sector as a whole in a great state of uncertainty?

Mr. Wright: It is lovely to see the hon. Gentleman back from the break as well. In 1997, something like £1 billion a year was provided for child care; now the figure is £4 billion; and 470,000 families now get direct child care support through the tax credits system, at an average of about £68 a week. The long-term viability of nurseries and child care provision has been enhanced as a result of legislative strengthening by this Government, as well as increased and unprecedented resources. I would have thought that the hon. Gentleman and his constituents would thank the Government for that.

Mr. Vara: Child minders provide invaluable child care for many parents. Notwithstanding what the Minister has said, 40,000 people have left the profession since 1997. What are the Government going to do to ensure that more parents can avail themselves of such provision, particularly because they prefer and rely on it?

Mr. Wright: People will leave the market and the sector for various reasons, whether personal or otherwise. That is just common sense. However, in respect of free provision for three and four-year-olds and the additional roll-out that we want in order to ensure free provision for two-year-olds, let me say to the hon. Gentleman, whom I respect a great deal, that there is now more opportunity than ever for parents, families and carers to have appropriate, high-quality child care provision. I hope that the hon. Gentleman will support that, as opposed to sniping at what is a good and enviable record.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): My hon. Friend will know that this Government have an amazing record on child care provision, but there is now a worry: at the same time as we applaud reaching down to two-year-olds, how do we guarantee quality under the new arrangements?

Mr. Wright: My hon. Friend, who is obviously very knowledgeable about the issue through his chairmanship of the Select Committee on Children, Schools and Families, makes an important point. The inspection and regulatory regime that we have put in place with Ofsted will ensure that we can enhance quality and, at the same time, sustain funding and investment or increase them wherever possible. For example, local authorities have more than £1 billion at their disposal in capital and revenue funding to ensure the sustainability of the child care provision available in their areas.

Mrs. Joan Humble (Blackpool, North and Fleetwood) (Lab): Is my hon. Friend aware that many of my constituents access child care through the Government's excellent Sure Start children's centres, and will he confirm the Government's commitment to those centres, which provide not only high-quality child care but the necessary support to parents?

Mr. Wright: Like Blackpool, Hartlepool has benefited enormously from Sure Starts—indeed, I think that every single constituency in the country has. The Government remain committed to ensuring that more than 3,000 Sure Starts and children's centres are provided in this country. The scheme has provided for a revolution in child care provision, allowing the earliest and best possible start for our children, which will put them on a road of improvement and attainment throughout their lives. I would have hoped that the whole House supported such an important measure, but it is fair to say that the Opposition support the abolition of Sure Start and will not commit to funding for it.

Mrs. Maria Miller (Basingstoke) (Con): At last year's Labour conference, the Prime Minister tried to grab the headlines by announcing the extension of the early years free entitlement to all two-year-olds. This year's conference revealed that the Government will pay for that policy by scrapping the help with child care costs that is given to thousands of hard-working parents, most of whom are basic-rate taxpayers. Are the Government not trying to create an illusion of progress when they are in fact axing one child care policy to pay for another? What further cuts is the Minister planning to make to fund the rest of the Prime Minister's announcement?

Mr. Wright: I completely disagree with what the hon. Lady said. The expansion of free places for two-year-olds is fully funded through savings by, as she says, phasing out tax relief on child care vouchers. That is at no extra cost to the taxpayer. I have to say, however, that the savings to the taxpayer are disproportionately given to the more well-off families—the figure is in the region of 6 per cent. We will continue to make sure that we invest in high-quality child care for low and middle-income families because all the evidence shows that that is vital for improving outcomes. If the hon. Lady wants to continue to narrow her focus on the highest earners, that is up to her, but the Government are on the side of low and middle-income Britain.

ContactPoint

2. **Jo Swinson** (East Dunbartonshire) (LD): What recent progress has been made on the roll-out of the ContactPoint database; and if he will make a statement. [292193]

The Minister of State, Department for Children, Schools and Families (Kevin Brennan): Significant progress has been made on ContactPoint. We are receiving promising feedback from early adopter areas about how ContactPoint is helping people who work with children to identify problems and prevent them from escalating. From late October, local authorities can start training ContactPoint users across England.

Jo Swinson: I thank the Minister for that reply but, given the Government's record on data protection, does he not see that ContactPoint risks information on millions of children falling into the wrong hands, fails to protect those children and should be scrapped?

Kevin Brennan: Instead of reading the scare stories in the papers, the hon. Lady should get off her high horse and talk to some of the early adopters who are using the system already. Let me quote one of them to her. A consultant paediatrician working with children at the Countess of Chester hospital in Chester said:

"ContactPoint was a very easy tool to use. It allowed me to rapidly access relevant information about a child in who there was suspected non-accidental injury. This information was invaluable in guiding further management and the whole process took less than five minutes whereas previously a lot of time would have been spent making phone calls and trying to track people down for information."

The hon. Lady should talk to the people who are using ContactPoint.

Tim Loughton (East Worthing and Shoreham) (Con): I could quote to the Minister several consultant paediatricians who think that their job of dealing with child protection will be compromised by the use of ContactPoint. Will the Minister therefore confirm how many people have applied to have their children's details shielded on ContactPoint and how many of them are

Ministers—including himself, perhaps? If he is completely happy with the security arrangements surrounding ContactPoint, will he now undertake to publish in full the data security review on ContactPoint carried out by Deloittes, which he has declined to publish since February last year?

Kevin Brennan: I look forward to hearing the names of the consultants who, according to the hon. Gentleman, say that ContactPoint will threaten children's safety. There was a time when the Conservative party, having appropriately opposed a policy going through the House, would not then write to local Tory councillors deliberately to undermine its implementation. This shows why the Tories are not fit to govern.

Academies

3. **Mr. Edward Vaizey** (Wantage) (Con): What recent assessment he has made of the progress of the academy programme; and if he will make a statement. [292194]

The Secretary of State for Children, Schools and Families (Ed Balls): This summer's excellent GSCE results include our open academies once again achieving a faster improvement in the proportion of pupils getting five good GCSEs than the average national improvement rate. I can tell the House that I have today approved four new academy projects in Hampshire, East Sussex and Plymouth. I can also confirm that I approved a further 15 academy projects over the summer recess.

Mr. Vaizey: If the Secretary of State is such an enthusiast for the academies programme, why does he not extend it to primary schools, as my party is pledged to do? In fact, why is he going in the opposite direction, with his own Ministers saying that such an extension would send a shiver down the spine of parents?

Ed Balls: There are a number of very successful all-through academies that are combining secondary and primary provision, but we have made it absolutely clear that the massive diversion of resources away from our primary and secondary schools in order to extend the cost of expanding academies to primary schools would not be value for money; it would be very disruptive and not the right thing to do if we are trying to raise standards in our primary schools.

Mr. Parmjit Dhanda (Gloucester) (Lab): Just before the summer recess, my right hon. Friend announced a review of secondary education in Gloucestershire to be conducted by Graham Badman. Should Graham Badman produce a report that encourages the building of an academy in my constituency, will my right hon. Friend give it full support and join me in encouraging the local authority to support a £13 million academy in my constituency as well?

Ed Balls: I am grateful for my hon. Friend's support for the review of the national challenge programme in Gloucestershire. Graham Badman has done his review; it will come to me shortly and we will respond to it in due course. I hope that we will be able to accept his recommendations. I fully expect further proposals for academies in Gloucestershire and, if that proves to be the case, I will support them absolutely. My hon. Friend will then be able to join those in Hampshire, East Sussex and Plymouth who have welcomed new academies, which will allow us to continue to raise standards in our secondary schools.

Susan Kramer (Richmond Park) (LD): Will the Secretary of State please give an assurance that where an academy is in process, but that process has not been completed—I am thinking of Sheen school in my constituency—funding will remain committed to it and will not be removed under any deficit-cutting programme?

Ed Balls: I have made it clear that I am accelerating the academies programme and accelerating secondary school improvement. There is no question of having any cuts in our academies or school improvement funding this year or next. While the consultation is ongoing, there will be no cuts from this party. The question is whether the other parties can make the same commitment, and I am afraid that the answer is no.

Mr. David Chaytor (Bury, North) (Lab): As the number of academies increases, is it not particularly important that they all comply fully with the schools admissions code? Is the Secretary of State absolutely convinced that all parties in the House understand the importance of compliance with that code?

Ed Balls: I toughened up the schools admissions code last year and changed the regulations. I am very clear that all schools—whether they be maintained or faith schools or academies—must comply fully with the code. When I did so, however, I was attacked by the Conservative Members for my actions, so I am afraid that I cannot give my hon. Friend the assurance he mentioned. I will deliver fair admissions, but they will not.

Mr. David Laws (Yeovil) (LD): The Secretary of State has already indicated that funding will be crucial to the development of the academies programme. In September, he gave an interview to *The Sunday Times* in which he said that he was planning to cut £2.2 billion from the schools budget and that those plans had been in train within his Department for several months. Will he therefore, first, tell us when he gave the directive to his Department to look into the cuts; and, secondly, will he now publish the list of the proposed cuts that he went through with *The Sunday Times* journalists?

Ed Balls: It is very interesting to hear that question because on the Saturday before my interview, the hon. Gentleman's party called for savage cuts and then when a discussion about efficiency took place, he backed off very fast indeed. The fact is that a year ago I asked an expert adviser to help me to find efficiency savings so that I could shift them to the front line. I am clear that I want the budget for education and schools rising year on year, and I would like to see that in real terms. The only way I can guarantee that teachers and teaching assistants are there at the front line, however, is to find savings in procurement and in how schools work together to free up those resources. I want the budget to rise next year, the year after and in future; it is the Conservative party that wants cuts—and cuts now. That is the difference.

Alison Seabeck (Plymouth, Devonport) (Lab): I had intended to ask the Secretary of State to speed up decision making on academies in Plymouth, so I am

delighted that he has made his announcement today. Will he confirm that as we are ready to go, we can in fact open the academies next September?

Ed Balls: I went to visit Plymouth a year or so ago and the Minister for Schools and Learners has been there since. I am announcing today that both the Tamarside and John Kitto community colleges have been given the go-ahead to open in September 2010. In the case of Tamarside, it will be through the sponsorship of the university of Plymouth, and in the case of John Kitto it will be through the sponsorship of Exeter diocesan board of education. These will go ahead in 2010 because we are committed; we will deliver our national challenge and every school will be above the basic benchmark by 2011. That is my commitment—one that time and again I get attacked for making by the Conservative party.

Mr. Laws: I have now had an opportunity carefully to consider the Secretary of State's answer. I still cannot understand how it can be that the last time we were here before the recess he told us he was going to resist all cuts to the education budget, but we then discover that a full year ago he had asked his officials to look into cuts. May I ask him about one of the specific proposals he discussed with *The Sunday Times*—that to axe 3,000 head and deputy head teachers? Does he now accept that that was a mistake?

Ed Balls: No, of course I do not. The truth is that it was not I but the leader of the Liberal Democrats, at his party conference, who was confused about the issue of savage cuts. I made it very clear that I want the schools budget to keep rising year on year, and that I want the school education budget to rise year on year in real terms. We are achieving that in the current year, but we must be realistic: real-terms rises in future years will not be as high as they have been in the past, which means that the only way to deliver for the front line is to find savings. I think we can do that through school balances and procurement, and also by ensuring that schools work together and share their leadership teams. Every school should have a head teacher, but schools can share leadership teams in order both to raise standards and to become more efficient.

The hon. Gentleman should be supporting me in this regard, but once again he is not doing so. I—and, I think, he—would like to see education spending rise in real terms; it is only the Conservative party that is advocating cuts and more cuts.

Michael Gove (Surrey Heath) (Con): The Secretary of State will be aware that among the very best performers in GCSEs this year were the schools run by ARK—Absolute Return for Kids—and by Lord Harris. They did up to four times as well as other comprehensives. The people running those schools say that their success depends on absolute freedom from local bureaucratic control. Does the Secretary of State agree?

Ed Balls: The really interesting aspect of that is the fact that the list of local authorities now co-sponsoring academies includes one or two Liberal Democrat councils, one or two Labour councils and 11 Conservative councils. The hon. Gentleman says that they are wrong to be taking such action, and should get out of the way.

At his party conference, the hon. Gentleman praised Mossbourne. It is clear from the Mossbourne prospectus that the head teacher there teaches, and knows that his success depends on the teaching of vocational subjects such as dance, drama and arts, which the hon. Gentleman says should be downgraded to become second-class subjects. He needs to go back to the drawing board when it comes to his own policies.

Michael Gove: I am grateful to the Secretary of State for refusing to answer the question and exposing the threadbare nature of his own position. I am also grateful to him for reminding the House that the majority of local authorities are now under Conservative control. That is a welcome reminder of how poorly Labour authorities have done in improving education. I am also grateful to the Secretary of State for highlighting—

Mr. Speaker: Order. I am not interested in hearing about what the shadow Secretary of State is grateful for; I am interested in hearing a question—very soon, I hope.

Michael Gove: I am also grateful for your skilled chairing of our debates, Mr. Speaker.

The Secretary of State's right hon. Friend the Member for Stalybridge and Hyde (James Purnell) has said—like us—that academies should become the norm in the state sector. Does the Secretary of State agree with that?

Ed Balls: I think that where we are raising standards in under-performing schools, academies are doing a tremendous job. They are doing so because of the partnership that we have with Labour and Conservative local government. That is opposed by the Conservative party, which believes that only deregulation is making the difference, and does not recognise the importance of rising investment to delivering the academies programme.

I read an article in *The Times* today which says that

"one of the aspects of hitting 40 for which no one prepares you is that your body, like a nuclear power station operating at the margins of safety, develops an override mechanism that simply shuts all systems down at critical moments. Usually after lunch."

That was written by the hon. Gentleman, and I think that his critical systems have been shut down today.

Land Sales (Schools)

4. **Keith Vaz** (Leicester, East) (Lab): What estimate he has made of the amount of land sold by schools for non-educational purposes in the latest period for which figures are available. [292195]

The Minister for Schools and Learners (Mr. Vernon Coaker): The information requested is not held centrally. Schools and local authorities do not need the Secretary of State's consent to sell school buildings or land that is not school playing field. However, all proceeds from the disposal of school playing fields have been reinvested in school sports or educational facilities since legislation was introduced, under section 77 of the School Standards and Framework Act, in 1998.

Keith Vaz: I wrote to the Minister about two excellent schools in my constituency which share a site in Evington, in Leicester: St. Paul's Catholic school and Leicester

grammar school. Leicester grammar school wants to vacate its land and sell it to St. Paul's school, which wants to buy it but has not sufficient resources. As the Minister must pass Leicester to reach his constituency in Gedling, may I ask him to drop by one Friday and try to resolve the matter? I think that with good will and the support of the Government, both schools can get what they want.

Mr. Coaker: I would be keen and very happy to drop into my right hon. Friend's constituency in Leicester to see for myself the problem he has outlined. I know that he has been trying for some months to resolve this particular issue. He will know that Leicester grammar school is an independent school, and the Secretary of State and I have no authority to talk to it in respect of the disposal of the land to which he refers, but the local authority does of course have a duty to ensure that St. Paul's school has sufficient land available to it for school playing fields, and it is on that basis that I hope we can find a way forward.

Mr. James Gray (North Wiltshire) (Con): Of the many thousands of playing fields being sold off by the Labour Government or Labour local authorities in direct contravention of repeated manifesto commitments, some 342 have been sold because apparently they were the wrong shape. Would the Minister care to tell the House what playing fields that were the correct shape before are now of such a strange shape as to have to be sold off forcibly?

Mr. Coaker: I do not quite know what the hon. Gentleman means. Before 1998 there were no controls over the sale of school playing fields. It was the introduction of legislation that required any local authority that wished to sell school playing fields to receive consent from the Secretary of State. Actually, the correct figure is that there have been 203 approved playing field sales since 1997, and I say to the hon. Gentleman that significant numbers of the school playing fields that have been sold have resulted in schools being able to reinvest in their school playing facilities, as I saw for myself at the Lincoln Christ's Hospital school where a bit of waste ground designated as a school playing field was able to be sold and the sum reinvested into changing rooms, better facilities and improved playing fields for that school. That will have been the case up and down the country, and instead of taking a dogmatic view the hon. Gentleman ought to have a look and see what is actually happening.

Statementing

6. **Mr. Mark Harper** (Forest of Dean) (Con): What plans the Government have for the future of statementing for children with special educational needs. [292197]

The Parliamentary Under-Secretary of State for Children, Schools and Families (Ms Diana R. Johnson): We have no plans to end the special educational needs statementing system. I know how interested Members are in SEN, and I thank my hon. Friend the Member for Gateshead, East and Washington, West (Mrs. Hodgson) for initiating the Special Educational Needs (Information) Act 2008. We launched the first annual publication following that Act last week. We have sent a copy to Brian Lamb so that he can reflect its findings in his report on parental confidence in the SEN system.

Mr. Harper: I am grateful to the Minister, but I did not actually ask whether she was going to end statementing; I simply asked what the Government's plans were, given that the Secretary of State had indicated in his response to the media coverage of Brian Lamb's inquiry that they were going to look at taking statementing out of the hands of local authorities because a lot of parents think there is a conflict of interests there. I simply wanted the Minister to set out what specific steps the Government are going to take to put the Secretary of State's pledge into action, and I ask her to do so now.

Ms Johnson: Perhaps I should reiterate that we have no plans to end the current statementing system, but we do want all parents to have confidence in the SEN system, and the hon. Gentleman will know that Brian Lamb is currently conducting a report on parental confidence, which will be published later this month. Also, my right hon. Friend the Secretary of State made an announcement at the end of September on pilots in certain parts of the country to test how assessment could be made more independent of local authorities, and we will of course look at the outcomes from those pilots.

Kelvin Hopkins (Luton, North) (Lab): During the recess, I visited a number of schools in my constituency and it became clear that there are still problems with delays in statementing. Will my hon. Friend use her good offices to ensure that local authorities undertake statementing as quickly as possible and provide the proper resources to ensure that those children with special needs get the support they require?

Ms Johnson: I thank my hon. Friend for that question. He is absolutely right to say that there are time frames that have to be complied with, and of course we want to ensure that where children need statements those statements are obtained as quickly as possible.

Home Schooling

7. **Mr. David Drew** (Stroud) (Lab/Co-op): When he expects to issue recommendations for home schooling in Gloucestershire arising from the report of the Badman review; and if he will make a statement. [292198]

The Parliamentary Under-Secretary of State for Children, Schools and Families (Ms Diana R. Johnson): We announced our response to the Badman report on home education on Friday 9 October. Home education is an established part of the British education system. The arguments in the report for giving home-educated families better access to public services are strong, particularly when a child or young person has special educational needs, and our response sets out the practical steps we will take to implement these and the other recommendations in the review.

Mr. Drew: I thank my hon. Friend for what she has to say, but does she accept that there is at least some misgiving about the nature of Badman's recommendations

and that there is a need for proper consultation, particularly in my county, where quite a large number of people have chosen to home educate their children? Will she ensure that her door is open to those of us who want to talk to her about some of those problems, so that we do not have an unnecessary spat over what could be an important way forward?

Ms Johnson: I am very happy to meet my hon. Friend to discuss this issue. May I reassure him that the consultation on the registration and monitoring recommendations remains open until 19 October? It has been open since June; nearly 1,000 responses have been received, and clearly we would welcome any further such responses.

Annette Brooke (Mid-Dorset and North Poole) (LD): Given the Government's general acceptance of the Badman review, have they left themselves enough scope to respond to these important representations, particularly in respect of the conditions attached to registration?

Ms Johnson: The hon. Lady will know that, as I have just explained to the House, the consultation will have taken place over a considerable period—from June until 19 October. A further response was made by my right hon. Friend the Secretary of State on Friday of last week, which set out further areas for consultation arising out of the Badman recommendations. There has been sufficient time for this consultation, and clearly the Government need to consider the responses—we will do so in the next few weeks.

Kate Hoey (Vauxhall) (Lab): The Minister must be aware of the real worry felt by people who home educate; there is a feeling that this is the beginning of the thin edge of the wedge—I use a cliché—and a move towards the German system of banning home education altogether. Will she give a categorical assurance that that is not the Government's intention?

Ms Johnson: May I just reassure my hon. Friend that this Government's view of home education is one that supports the rights of parents to home educate? However, there is a balance to be struck and the Government need to be sure that children who are being educated at home are receiving a suitable education. I hope very much that the Select Committee that is examining this issue will put forward its own views on the Badman review, and we will certainly be considering all the responses to the consultation.

Standards (Primary Schools)

8. **Sir Nicholas Winterton** (Macclesfield) (Con): What steps he is taking to raise educational standards in primary schools. [292199]

The Minister for Schools and Learners (Mr. Vernon Coaker): There has been a significant rise in standards in primary schools since 1997. Compared with then, about 98,000 more 11-year-olds are achieving the target level 4 for their age in English and 98,000 are doing so in maths, based on the 2009 provisional results. We set out plans in the schools White Paper for improving all primary schools, and there will be a package of support in 2009-10 that will enable a range of successful programmes to be expanded.

Sir Nicholas Winterton: I note the Minister's reply, but can he tell me why 500,000 children left primary school in the last educational year unable to read? Will that not lead to their not engaging in secondary school and to their being inclined to add to the already high rate of truancy?

Mr. Coaker: I do not accept the hon. Gentleman's point about the 500,000 children. Instead of decrying what is happening in primary schools, he would do well to celebrate—I am sure he does this in respect of his own constituency—the real achievements that have taken place. Since 1997, we have seen an increase in the figures for level 4 plus of 17 per cent. in English, 19 per cent. in reading and 17 per cent. in maths. Are we satisfied with that? No, we are not. Do we want more children to have the correct standard of reading, writing and arithmetic? Of course we do, so we have a series of measures and programmes in place to achieve that.

Fiona Mactaggart (Slough) (Lab): Does the Minister agree that to achieve a high standard of learning children need to have a place to be educated? Will he tell me what he is going to do about the fact that some 100 children of primary age in my constituency do not currently have a place in a primary school?

Mr. Coaker: My hon. Friend will know, because I have met her and Slough's director of children's services to discuss the particular issue in Slough, that we are seeing what we can do to resolve it. Primary school places are an issue in Slough and in some other authority areas across the country, which is why we recently announced a £200 million programme to see how we can address it. We are about to announce, in the not-too-distant future, the allocation of that money, in order to try to address some of the very real problems in Slough and in other local authority areas.

Mr. Nick Gibb (Bognor Regis and Littlehampton) (Con): The Minister will know from the written answer that he gave me in July that fewer than half of 11-year-olds in the poorest decile in the index of multiple deprivation achieved the basic standard in reading, writing and maths, compared with three quarters who achieved that in the top 10 per cent. Frankly, whether it is a quarter or a half of 11-year-olds who are failing to grasp the basics, the Government's record of achievement is dreadful. Is he not ashamed of the enormous achievement gap between those at the bottom of the index of deprivation and those at the top in the very skills—reading, writing and maths—that every child needs if they are to escape a life of poverty?

Mr. Coaker: I am not ashamed of what the Government have achieved with primary schools. I am proud of what the Government have tried to do and are doing to tackle this issue, which we all recognise. I do not accept the hon. Gentleman's points. Only recently, we received the results of the pilot of Every Child Counts from Edge Hill university, which showed that one-to-one tuition and small groups made a significant difference with some of the most difficult young people in terms of the educational challenge that they present, the special educational needs that they have and the difficult family backgrounds that many of them come from. We are expanding and developing these programmes—not

only Every Child Counts, but Every Child a Reader—as the hon. Gentleman will know. That one-to-one tuition, which has been expanded through the whole primary school age group and will now be rolled out into year 7 in secondary schools over the next year, will make a significant difference. If we put that together with some of the other measures that we are taking to deal with the social issues around those schools, we will see a real improvement.

Mr. Stephen Hepburn (Jarrow) (Lab): I remind the Minister that in 1997 only six out of 10 kids in school aged 11 reached the required standard in reading, writing and maths. That figure has now gone up to eight in 10, due no doubt to the doubled investment that this Labour Government have put into kids in schools. Will the Minister defend his budget in the current economic climate and do everything that he can to increase it to give kids from working-class areas the chances that they deserve?

Mr. Coaker: One of the points that I was trying to make in answer to the hon. Member for Macclesfield (Sir Nicholas Winterton) is that there have been real improvements in primary schools across the country, including in some of the most socially disadvantaged communities. The difference between our stance and that of the Opposition is that they say that because there are still things to be done—because young children in our schools still do not reach the required standard—everything in primary education is wrong, that the teachers are not teaching properly and that progress is not being made. Our approach is to say exactly what my hon. Friend has just said: there has been progress, but there is still more to be done and the programmes that we have laid out, as well as the record levels of investment, will tackle some of them and will lead to a continuing rise in attainment in our schools.

Independent Safeguarding Authority

9. **David Tredinnick** (Bosworth) (Con): What recent assessment he has made of arrangements for implementation of the Independent Safeguarding Authority's vetting and barring scheme; and if he will make a statement. [292200]

The Secretary of State for Children, Schools and Families (Ed Balls): Today sees the launch of the first stage of the new vetting and barring scheme. I can tell the House that arrangements are on track for the implementation of ISA registration by individuals from July next year. In advance of that, I have asked Sir Roger Singleton to look again at the definition of "frequent and intensive contact" with children that will trigger the requirement for individuals to register. He will report to me in December.

David Tredinnick: Will the Secretary of State confirm that before a Member of Parliament visits a school in his constituency for prize-giving he will have to be vetted?

Ed Balls: I absolutely refute that. If the hon. Gentleman had looked in his inbox—I accept that 29 July was quite recent—he would have seen the letter from me to all MPs that makes it absolutely clear that when an MP is visiting one of their local schools for prize-giving or whatever else, there is no requirement for them to register. Only if he were teaching a class regularly would he have to register—I do not think that the hon. Gentleman will be, so he will be fine.

Tom Levitt (High Peak) (Lab): My right hon. Friend will have been pleased to hear that Volunteering England has welcomed the introduction of the vetting and barring scheme as a simplification and a sensible step forward. On the question of frequency and intensity, will he answer a question from my local town-twinning organisation? When a group of foreign children is in the town for a week or 10 days at a time, will that cross the intensity threshold for registration? Indeed, are foreign children covered by the scheme at all?

Ed Balls: If foreign children are coming to our country to stay with a local family on a school exchange or as part of twinning, yes, the family that is hosting them will be required to be on the ISA list, so that parents in a foreign country can know whether there is any past child-related offence. We have thought about this very carefully and only by doing it in such a way could we ensure that children from our country and those from abroad are safe.

Sir Patrick Cormack (South Staffordshire) (Con): Did the Secretary of State see the admirable article by the inspector in charge of the Soham case in which the inspector ridiculed the excessive bureaucracy, which will mean that many decent, innocent people have to be vetted in this stupid way?

Ed Balls: I am very sorry indeed that the hon. Gentleman, who is normally a wise counsel, has used such intemperate and ill-informed language on this issue. The fact is that the person who made the recommendations on the Soham case is entirely behind the changes that we are making. The definition of "frequent or intensive" is difficult, and we need to make sure that we are clear in the way in which we apply it. There has been much misinformation on this issue, suggesting that a parent taking their children to school for a neighbour, or someone helping out once in a while in school is required to register. I suggest that the hon. Gentleman looks at the facts and the reality, and not the nonsense in some briefing papers, before he asks questions in the House.

School Buildings

10. **Linda Gilroy** (Plymouth, Sutton) (Lab/Co-op): What research his Department has undertaken into the effects on educational standards of the quality of school buildings. [292201]

The Minister for Schools and Learners (Mr. Vernon Coaker): We have recently extended until 2012 the contract for the independent evaluation by PricewaterhouseCoopers of the impact of Building Schools for the Future investment on pupil achievement. As more and more BSF schools open, this work will include evaluation of design quality. We will continue to publish annual reports from PricewaterhouseCoopers and work with Partnerships for Schools to ensure that lessons learned from this evaluation inform the BSF programme, and design guidance for schools.

Linda Gilroy: It was a pleasure to welcome my hon. Friend to Plymouth in the summer, particularly to Stoke Damerel school, where he saw for himself the best results that it has ever had and, alongside the efforts of students, teachers and parents, the contribution made by investment in the buildings. May I ask him when he expects to announce the next round of Building Schools for the Future, in the hope that Plymouth will feature?

Mr. Coaker: Stoke Damerel community collegé is an excellent school, and it was excellent to see its design and the improvements that have been made. We hope to announce the next round of Building Schools for the Future in a few weeks, including the six authorities over and above the initial six that we announced a couple of months ago. Part of the purpose of my visit to Plymouth was to look at its readiness to join the roll-out of the programme.

Head Teachers (Retirement)

12. **Greg Mulholland** (Leeds, North-West) (LD): What proportion of head teachers he expects to retire from their posts in the next five years. [292203]

The Minister for Schools and Learners (Mr. Vernon Coaker): We estimate that 38 per cent. of current head teachers will have retired by 2015. Dealing with the loss of their skills and experience will be a challenge and an opportunity. We have invested £30 million through the National College for Leadership of Schools and Children's Services succession planning strategy to ensure that this demographic challenge is managed effectively. The national college continues to work closely with schools, local authorities and faith bodies around the country to find, develop and keep excellent head teachers.

Greg Mulholland: The Minister has used the word "challenge". Other people describe the number of head teachers retiring as a crisis. In that regard, may I ask the Minister why on earth the Government have announced at this stage the scrapping of 3,000 head teachers and leadership posts in schools? Will that not make the situation much worse?

Mr. Coaker: I do not accept that there is a crisis in head teacher recruitment. There is a challenge, and that is one reason why we have given the national college £30 million to help develop succession planning, which is necessary. On the issue of axing 3,000 head teacher posts, that is not a figure that the Department has used. It is right as we develop schools for the future that we look at how schools are organised and managed, and federations are one way forward. Certainly, we have never used the figure of 3,000 head teacher posts to be axed.

David Taylor (North-West Leicestershire) (Lab/Co-op): There is an increasing number of cases in which schools advertise for heads, but the number of people who apply is small and the quality of the applicants is indifferent. To what does the Minister attribute that, and what does he intend to do about it, because far too many schools have acting heads for far too long a period?

Mr. Coaker: My hon. Friend makes an important point, but the latest figures show that vacancies remain stable at below 1 per cent. As he has said, no school is without a head, but there are schools with acting heads. I have explained what we are doing about it: we are working with the National College for Leadership of Schools and Children's Services to seek to identify at an early stage in their career those people who might want to be head teachers and work with them to achieve their goal. We have also tried to ensure that we do as much as we can to support head teachers in post in schools in their administrative and financial tasks. One reason why we have increased the number of administrative assistants and, indeed, of school business managers is so that head teachers can concentrate on their major task, which is teaching and learning in the school.

Class Sizes (Chelmsford)

13. **Mr. Simon Burns** (West Chelmsford) (Con): In how many primary schools in Chelmsford there were over 30 pupils in a class on the latest date for which figures are available. [292204]

The Parliamentary Under-Secretary of State for Children, Schools and Families (Ms Diana R. Johnson): As of January 2009, no primary schools in either Chelmsford or West Chelmsford breached the infant class size duty by having classes of 31 or more pupils in reception or key stage 1. One class misreported its school census return, but this did not result in a breach of the duty. There were 11 primary schools in West Chelmsford and 21 in Chelmsford with classes of 31 or more pupils at key stage 2. It is for local authorities to consider how their level of provision best meets the needs of local parents and children and to consider any necessary improvements.

Mr. Burns: What help will be given to schools which, as a result of financial difficulties and possibly going into deficit, are planning to make teachers redundant so as to cut costs, which could adversely affect the size of classes?

Ms Johnson: The hon. Gentleman knows that the target of class sizes of less than 30 in years 1 and 2 and in reception is a firm target that must be complied with. My right hon. Friend the Secretary of State will take action if schools do not do that. It is interesting to note that in 1997, 29 per cent. of pupils were in classes of more than 30, which compares with just 2 per cent. today.

Topical Questions

T1. [292216] **Sir Nicholas Winterton** (Macclesfield) (Con): If he will make a statement on his departmental responsibilities.

The Secretary of State for Children, Schools and Families (Ed Balls): May I report on two issues? Although this was not debated in Parliament during the passage of the Childcare Act 2006, I have today written to Christine Gilbert, and I am copying the letter to the House of Commons Library, to make it clear that reciprocal child care arrangements between parents where there is no payment involved should not be a matter for

regulation, and I have agreed today with Ofsted that with immediate effect this will be beyond the scope of its child care inspections. We will make this crystal clear by changing the regulations in the coming period.

I should also report to the House that in the early summer I pledged £655 million to ensure a sixth-form or apprenticeship place for every school leaver this September. That would be 55,000 more places. I have to report that the demand for these places has again outstripped our expectations. As a result, I am making a further £11 million available now to pay for a further 2,300 places for school leavers this September. That will be a total of 57,300 places, which will be guaranteed by the Government and would be cut by the Conservatives.

Sir Nicholas Winterton: During the recess, I visited a middle and high school in the United States of America. Displayed outside the school and in every classroom and room in that school was a Union flag—that is, a flag of the United States of America. Should we not follow that example, and would not pride in our country thus be part of education?

Ed Balls: I have visited the United States a number of times. I know that there are some parts of the southern states where different flags are flown, but I understand the point that the hon. Gentleman makes about the stars and stripes, rather than the Union flag. It is important that we fly the British flag, which should be flown on town halls throughout the country—we fly it on our Department. It is a matter for individual schools to decide what flag they fly. We have never mandated that as a matter of law, and I do not think that that would be the right approach to take. It is for individual schools to decide.

Mr. Speaker: Order. I want as many people as possible to get in, so I need short questions and short answers.

T8. [292223] **Natascha Engel** (North-East Derbyshire) (Lab): Chesterfield college in North-East Derbyshire has seen an increase of 10 per cent. in enrolment figures as a direct result of the recession. What extra financial support is the Department giving FE colleges around the country—Chesterfield college is not the only one—to make sure that young people throughout the country get access to the skills and training that they need to see them through the recession?

The Parliamentary Under-Secretary of State for Children, Schools and Families (Mr. Iain Wright): As my right hon. Friend the Secretary of State has said, we have provided an unprecedented sum of money—an extra £655 million—to meet that September guarantee. He has just announced an additional £11 million to help another 2,500 learners, because we are absolutely committed, as I know my hon. Friend is in North-East Derbyshire, to ensuring that no one is left behind with this recession. We need the skills to allow our country and our economy to prepare for the upturn and to be prosperous in the future.

T2. [292217] **Tom Brake** (Carshalton and Wallington) (LD): The Secretary of State will be aware that in some London boroughs there are not enough primary school places. When can we expect an announcement confirming that a mechanism has been developed and agreed to ensure that local authorities, such as Sutton in my constituency, are adequately supported through the basic need safety-valve funding, enabling those desperately needed school places to be built?

The Minister for Schools and Learners (Mr. Vernon Coaker): May I say to the hon. Gentleman, as I said in an earlier answer, that we know that there is a problem for some authorities in different parts of the country, including London? We have received representations from authorities, following our announcement that we would make available to local authorities throughout the country £200 million to deal with the problem, and we expect an announcement to be made shortly.

T9. [292224] **Mr. Lindsay Hoyle** (Chorley) (Lab): The Prime Minister stated at the Labour party conference that there would be more for schools, not less. Can we ensure that, after the age of 16, most children in Chorley go to the exceptional Runshaw college? However, the colleges gets less funding than a school with a sixth form, so will Ministers ensure that there is more money for those colleges that provide such education?

Mr. Iain Wright: That is an important point, and I would welcome a meeting with my hon. Friend to ensure that end. He will be aware, however, that funding has increased enormously over the past 12 years. We are committed to reducing the gap between school sixth forms and comparative further education colleges. We want to do that, and we have had success and made inroads into the issue, but we are looking at it still further.

T3. [292218] **Bob Spink** (Castle Point) (Ind): What can we do to ensure that special schools that are opened for the most difficult and sometimes rather nasty kids in society are opened in proper and suitable locations, not unsuitable locations, and that, for instance, the kids from throughout Essex who are taken to the school that Essex county council has just opened on Canvey Island, go to the school, not to the town centre, where they are causing mayhem?

Ed Balls: I was with the Schools Minister at Huntercombe young offenders institution only last week, and that visit convinced me that we need to do more to intervene early to ensure that children with learning difficulties or young people with behavioural problems get the extra support that they need. That is integral to the way in which we plan our secondary school provision and take forward Building Schools for the Future, and our behaviour partnerships will ensure that such provision is at the centre of people's thinking, rather than on the periphery or excluded, as it sometimes has been.

Mr. Gordon Prentice (Pendle) (Lab): Are all new schools fitted with sprinkler systems, and if not, why not?

Mr. Coaker: No, not all new schools are fitted with sprinklers, but the expectation is that unless they are low-risk schools, they will be fitted with sprinklers. We passed regulations on the matter, and, clearly, when new schools are built, fire safety is of the utmost importance.

T4. [292219] **Mr. Christopher Chope** (Christchurch) (Con): Why did only 189 pupils who receive free school meals achieve three A-level passes at A grade last year? Is that not a total indictment of the Government's education policies, and does it not show the betrayal of the poorest families in our society?

Ed Balls: I am proud of the fact that the local authorities with the greatest concentration of the most deprived pupils have seen the fastest rise in results. I am proud also of the fact that schools with more than 50 per cent. of pupils receiving free school meals have achieved twice the rate of improvement of schools with less than 5 per cent. of such pupils. That has all happened because of the progress made by this Government. I am concerned, however, that in the most deprived schools, the most deprived pupils still do not make the progress that we would like. The only way to do so is through the intensive investment and one-to-one tuition that we are putting in to back those pupils—funding that would be cut in the schools cuts proposed by the Opposition.

Mr. Adrian Bailey (West Bromwich, West) (Lab/Co-op): Ministers will be aware of the very high percentage of young offenders who suffer speech and language difficulties, so may I welcome the money that the Department has allocated to address the issue? Will Ministers assure me that the screening process that is being devised to identify such young pupils will incorporate the advice of adequate professionals, such as speech and language therapists?

Ed Balls: The answer is that it absolutely will. A few weeks ago, I was in Knowsley with my right hon. Friend the Member for Knowsley, North and Sefton, East (Mr. Howarth), and we saw a really good example of alternative provision. We saw schools making sure that young people got extra help and support before they got into trouble through crime. Just now, I referred to my visit to Huntercombe young offenders institution; two thirds of young people in custody have special needs and they often have speech and communication difficulties. The only way to deal with the issue is to intervene early, at primary school, before the young people get on the wrong track and get into trouble with crime. We need to make sure that they get the help, but it is essential that they get that help early.

T5. [292220] **David Tredinnick** (Bosworth) (Con): Following the tragic and well publicised deaths of Fiona Pilkington and her daughter Francecca Hardwick in my constituency, has the Secretary of State had any thoughts about how to improve the protection of vulnerable children? Has he had any liaison with other Government Departments to see whether better guidelines can be issued, to make sure that such problems do not occur?

Ed Balls: As the Home Secretary made clear, in that case a vulnerable child and her mother were not properly protected. All the agencies failed, which is a matter of huge regret and shame. It is essential in our society that we pull together to make sure that we do not see a repeat of such a horrific incident. We are actively talking about that issue, so that we learn the right lessons from that terrible case.

Hugh Bayley (City of York) (Lab): York has done well on capital funding for schools, gaining about £12 million a year under the Labour Government, compared with less than £1 million a year under the Conservatives. However, we still do not yet have a date for joining the full Building Schools for the Future programme. Will the Labour Government continue Building Schools for the Future if they win the general election?

Ed Balls: The answer is very clear. We will keep investing in Building Schools for the Future; indeed, we are doing so this year, next year and the year after. The Conservative party has pledged a £4.5 billion cut. That, I am afraid, would mean that schools would not be rebuilt or refurbished in my hon. Friend's constituency or in constituencies represented by hon. Members on both sides of the House.

T6. [292221] **Mr. Peter Bone** (Wellingborough) (Con): In a parliamentary answer, the Secretary of State said that he had no idea how many children suspected of having been trafficked had gone missing from local authority care. If any trafficked child goes missing, that is appalling. If the Government do not know how many are going missing, how can they put the problem right?

Mr. Coaker: As the hon. Gentleman knows, because we have talked about this issue on numerous occasions, a national referral mechanism is now in place to try to help with the identification of such children. There is a real debate, not only about the numbers of such children in local authority care but about how to keep them safe. The hon. Gentleman and I have discussed, rather than debated, this issue; he knows that trying to protect children in local authority care is extremely difficult. Once they are in care, many try to escape because they believe that the authorities are acting against their best interests and that if they escape, the traffickers will look after them. The issue is very difficult. The hon. Gentleman is right that we need to gather more information. However, he knows as well as me that the answers are extremely difficult.

Martin Linton (Battersea) (Lab): Is my hon. Friend aware that Wandsworth has the lowest proportion of pupils granted their first choice of secondary school in London? Furthermore, there are no secondary schools in an area of 7 square miles in the centre of the borough; parents and children there are uniquely disadvantaged, as they do not qualify—at least on distance grounds—for any oversubscribed school. Will the Minister meet those parents and advise them on how best to start a new secondary school?

Mr. Coaker: I know that my hon. Friend feels strongly about that issue. The provision of schools in an area is, of course, a matter for the local authority. However, if he feels that a meeting involving him, the local authority, the parents that he represents and me would help, I would be only too ready to attend.

T7. [292222] **Mr. Shailesh Vara** (North-West Cambridgeshire) (Con): Recent Government figures show that pupils with special educational needs are eight times more likely to be permanently excluded than those with no such needs. Will the Government kindly tell us what

measures are to be included in the forthcoming guidance on dealing with rowdy children, to ensure that such children receive fair and proportionate treatment, particularly as many of them suffer from severe learning difficulties?

Ed Balls: I hate to repeat a point that I made earlier; this is the first day of the new parliamentary term. We published the guidance two weeks ago, and in it we made it clear that the only way to deal with that issue is for the exclusion of a child with special needs to be a last resort and for there to be early intervention, a diagnosis of the problem and extra and special help so that the young person stays on the right track; such measures will sometimes include alternative provision. In that way, we can prevent such exclusions, which are a failure for the system, from happening.

Jane Kennedy (Liverpool, Wavertree) (Lab): May I commend the work of Booktrust to my right hon. Friend, particularly the work of Irene Mandelkow, the Bookstart co-ordinator in Liverpool? She and her team have increased the number of pre-school children registered with libraries tenfold in the past 10 years.

The Parliamentary Under-Secretary of State for Children, Schools and Families (Ms Diana R. Johnson): I was delighted recently to meet representatives of that organisation. They do an excellent job, and more power to their elbow.

T10. [292225] **Miss Anne McIntosh** (Vale of York) (Con): Will the Secretary of State confirm that capital expenditure in schools in urban areas is higher than in rural areas and that there are possibly more temporary classrooms in rural areas than in urban areas? That obviously impacts on poverty: what is he going to do about it?

Ed Balls: The important thing to do is to ensure that our local authorities manage their capital programmes well, which sometimes means local authorities investing to ensure that rural schools can work together to share facilities, so that even with smaller rolls the money can still go further. The important thing is to ensure that we refurbish or rebuild all our secondary schools and all our primary schools in the next 10 years: a pledge that this Government will make; a pledge that the Conservative party, I am afraid, cannot match.

Andrew Miller (Ellesmere Port and Neston) (Lab): During the summer my right hon. Friend visited the excellent Neston high school in my constituency, and also released £25 million for the building of an academy in my constituency. In both cases, there are issues about the quality of buildings. Will he look carefully to ensure that moneys released require buildings to be built that are sustainable and environmentally friendly, because that is a good investment for the future?

Ed Balls: I congratulate my hon. Friend and all those who have ensured that these new schools are being rebuilt and opened. We had an excellent visit to that school and heard a brilliant orchestra there. We need to ensure that our brand new schools are environmentally friendly, that they are planned well in acoustic terms so that they can cope with the needs of deaf children, and that they have the sports, music and arts facilities that they need. But one can do that only by continuing the investment in our schools—investment that we will guarantee and that, as I have said, the Conservatives are determined to cut.

Sale of Government Assets

3.31 pm

Dr. Vincent Cable (Twickenham) (LD) *(Urgent Question)*: To ask the Chancellor of the Exchequer if he will make a statement on the proposed sale of Government assets announced today.

The Chief Secretary to the Treasury (Mr. Liam Byrne): Thank you, Mr. Speaker, for the opportunity to come here this afternoon and answer questions about the sale of Government assets.

Our overriding ambition is to lock in the recovery and then to lay the foundations for growth in the years to come. Because of the action that we have taken this year, we are confident that growth will return to our economy towards the end of this year and into 2010. Over the months to come, therefore, the Chancellor will set out more detail around our plan to halve the public sector deficit over four years once recovery is secured. This entails a return to growth with support for firms and families; fair tax rises for those most able to bear the burden; and slowing the growth of public spending. As the Chancellor set out in April, an ambitious programme of asset sales is part of our plan—a plan that sets out up to £16 billion of property and other asset sales, with proceeds raised being used to support our priorities, including new capital investment and paying down debt.

Today the Prime Minister set out a few details of that programme, and in the months to come we will publish a portfolio of assets to be sold. It will cover assets for sales, and assets where we wish to explore different ways of managing things in the future. The portfolio will include the Tote, the Dartford crossing, the student loan book and the channel tunnel rail link. We know that councils will make a major contribution to the overall level of asset disposals through sales of housing and other assets, as will central Government property. As I said, these three elements are expected to deliver £16 billion in receipts over the period 2011 to 2014. However, we aim to secure receipts from central Government sales within the next two financial years where and when market conditions are right.

We have already sold £30 billion of public assets since 2004. This success, building on the £22 billion sale of 3G licences in 2000, played a major role in the reduction of debt over the past decade. We have made tough choices to cut debt in the past; those decisions allowed us to support the economy now. We will not flinch now from tough choices to allow us to live within our means in the years to come.

Dr. Cable: Thank you, Mr. Speaker, for calling this urgent question. It is Parliament's first day back, and we have seen old habits—this national car boot sale was announced in the media yesterday evening, with a major speech by the Prime Minister and no statement to Parliament.

I have no objection to the principle of asset sales, which are an important part of managing the public finances. However, there are big questions about timing and content. Can the Chief Secretary first confirm the Treasury's own figures that the net worth of Government has declined from 70 per cent. of GDP in the late 1980s, before the big privatisation, to nil today and will decline to a minus figure in 2013? That means that if the Government were to sell off the whole of what remains of the public sector, they would have to pay somebody to carry it away.

On the substance of the Chief Secretary's answer, he said that there would be £16 billion of sales. Is it not true that £13 billion of that will be from local authorities and that, as he confirmed to me in a discussion on the radio at lunch time, there is no pressure on local authorities to make those disposals and they will be free to invest the money raised? In that case, how will the sales narrow the Government budget deficit, if at all?

Can the Chief Secretary explain why the Government were in favour of privatising the Tote in 2008, then announced in the Budget this year that it would be kept in the public sector in the medium term, but now say again that it is to be privatised? The Tote has had more false starts than any race in history.

On the timing of this announcement, the Government have a terrible record in selling public assets, with the history of gold sales and the sale of QinetiQ, which was condemned by the National Audit Office. There is now a proposal to sell land, in a market in which development land is at about 15 to 20 per cent. of its peak value. Is that not an absolute guarantee that the Government will not get value for money, and that this announcement has been driven entirely by political concerns?

Mr. Byrne: I am grateful to the hon. Gentleman for the question and for his renewed interest. I know that that is completely unrelated to his own difficulties to do with tuition fees and mansion taxes at his party conference recently.

Let me be absolutely clear about the substantive question that the hon. Gentleman poses, because it is important and there will be wide interest in all parts of the House about our strategy. As I said in my statement, in the Budget, the Chancellor set out the ambition to sell about £16 billion of assets over the period 2011 to 2014. About £11 billion of those assets will, of course, be local authority assets. That is based on a long-term picture of what local government tends to sell each year. Over the past 20 years, local authorities have raised something like £3.7 billion a year, and of course they are free to keep those receipts and reinvest them in priorities such as affordable housing and schools.

In addition, we anticipate that something like £2 billion of central Government property can be sold and reinvested by Departments. We believe that additional business and financial assets can also be sold, such as those that the Prime Minister listed, and that something like £3 billion can be raised from them over the next couple of years. Of course, that money will be available to pay down debt.

Mr. Philip Hammond (Runnymede and Weybridge) (Con): How telling that at the end of the Prime Minister's summer of denial, instead of following the Conservative lead and taking the tough decisions required to get the deficit under control, this morning he has ducked the issue and chosen to peddle the illusion that asset sales can somehow avoid the pain of fiscal adjustment—taking people for fools again. Can the Chief Secretary confirm that he, at least, understands that asset sales, however necessary they may be to reduce debt, do not reduce the deficit, and that they can only ever be a supplement to, not a substitute for, proper fiscal discipline?

Can the Chief Secretary confirm also that the package of central Government assets mentioned this morning amounts in value to little less than a week's worth of borrowing at the current levels, and that it is not the Government's intention to seize the proceeds of sales of local authority assets? Can he tell the House why anyone should believe a word the Government say on asset sales when they have announced every single one before? The Tate in 1999—*[Interruption.]* No doubt it is coming. The Tote announcement was made in 1999 and was in the Labour party's 2001 election manifesto. The announcement on the student loan book was made in 1997 and again in 2007, on URENCO in 2005 and on the channel tunnel rail link in 2007. Not a penny piece has been achieved from any of them. Will the Chief Secretary confirm that the value of all those assets is now significantly lower than when their sale was first announced? Indeed, did not the comprehensive spending review 2007 pencil in a £6 billion receipt for the student loan book alone—twice what the Government now expect to get from flogging off the entire package?

Selling the family silver will not solve the crisis in the public finances. The country has had enough of denial, dither and delusion. The Government need to start taking the tough decisions, not ducking them, or call an election and let someone else get on with the job.

Mr. Byrne: I enjoyed the remark about tough decisions. I have made a mental note of the Tate. The hon. Gentleman presumably refers to tough decisions such as proposals on state pension plans—I understand that the National Institute of Economic and Social Research, having looked at his plans, has discovered that he is £3 billion short and five years out in his sums. So I will not take lessons in tough decisions from him.

The hon. Gentleman knows that bringing public spending within the bounds of what is possible in the years to come will take a mixture of things: growth coming back, investing in new industries and jobs, the right decisions on tax—decisions that he has opposed consistently; I think that the Conservative party has voted against something like £20 billion of necessary tax increases for the years to come. It requires tougher decisions on spending in the years to come, but where there are things that the Government should not hold on to, we should sell them off. Yes, we should allow local authorities to keep receipts to invest in local priorities, but business or financial assets, such as those that the Prime Minister talked about today, can be sold off and the proceeds used to pay debt.

Several hon. Members *rose—*

Mr. Speaker: Order. We have under 10 minutes to go and we want as many people to contribute as possible.

Mr. Ian McCartney (Makerfield) (Lab): In 2008, I spoke in the House about defending the jobs in the Tote in Wigan, in my constituency and that of my hon. Friend the Member for Wigan (Mr. Turner). After meetings with Downing street and the Minister at the time, a commitment was given that, in any future sale, the jobs and the investment in north-west Wigan would be protected. Will my right hon. Friend give a commitment that that is exactly what will happen? The first I heard as a local Member of Parliament about the 600 jobs and the sale was over my porridge at six o'clock this morning.

Mr. Byrne: I do not think that the Government's position on the sale of the Tote has changed in essence. The medium-term decision was to keep it in the public sector, but now is the right time to look at the possibility of its sale. The dimensions and constraints around the sale of the Tote that my right hon. Friend outlined have not been disturbed.

Peter Bottomley (Worthing, West) (Con): Columns 586 to 588 in *Hansard* on 9 July 1987 contain the acceptance by the Labour spokesman that the Dartford bridge—effectively the first privately funded, operated, designed and built public works—would, as I said as Minister in the previous column, have tolls for 15 to 20 years. How can we have trust in Parliament if both sides accept something and then one side says, "We'll keep the tolls going so we can sell it off"?

Mr. Byrne: Again, the precise way in which the different assets are sold will have to be the subject of further debate and conversation, not least in the House. That is why it is the Chancellor's ambition to bring before the House a portfolio of assets, which we believe could be sold. There will be several different questions that relate to different assets, but once the portfolio is published, we might be able to have a bit more of a debate about the precise detail of each one.

Andrew Mackinlay (Thurrock) (Lab): What does the brief say about the Thurrock-Dartford toll in relation to the fact that it is lawful to toll a riparian crossing only to control and manage congestion? How does a sold bridge and tunnel allow either the operators to get a return, or the Government to continue to pay, if they are constrained by the European Union directive?

Mr. Byrne: There will be many different questions on each of the assets. In some cases, the sale of the assets will require us to return to the House to change legislation but, as I said, once the portfolio of assets is published, we can have a proper debate about the whys and wherefores of each one.

Mr. Ben Wallace (Lancaster and Wyre) (Con): In 2001 and 2005, the Government made a manifesto pledge that they would nationalise the Tote in order to gift it to racing. Will the Minister tell us what proportion of the proceeds from the sale will be given to racing and what steps he will take to safeguard the jobs in Wigan, because he studiously avoided the question on that from the right hon. Member for Makerfield (Mr. McCartney)?

Mr. Byrne: The announcement today has done nothing to disturb the policy commitments that have already been made about the different sales of assets. However, the Government must balance the need to get best value for the taxpayer in the years to come with the constraints and policies regarding each of the different businesses and assets. That is quite properly a subject for further discussion in the House.

Mr. Jim Devine (Livingston) (Lab): May I just clarify things? We have consistently made a commitment to the racing industry that if we sell the Tote, we will contribute half the receipts back to the racing industry. Is that still our position?

Mr. Byrne: Yes it is.

Mr. Philip Dunne (Ludlow) (Con): How much have the Government pencilled in from sales of leisure centres owned by local authorities, and how many of those leisure centres are currently facing financial ruin because of Her Majesty's Revenue and Customs's claims to recover retrospective VAT?

Mr. Byrne: The figures on local authority asset sales that have been put before the House this afternoon are projections based on the pattern of local authority asset sales for the past 20 years. Over the last 20 years, local authorities have sold something like £3.7 billion of assets a year. As the recovery sets in and as market values return, we have no reason to think that those values will be any different in future.

Ms Katy Clark (North Ayrshire and Arran) (Lab): Does my right hon. Friend agree that a lot of people listening to this debate will think that it is a bit rich that the market got us into this situation, but the market will now be able to buy our assets on the cheap?

Mr. Byrne: As I said in my statement, the Government must not only lock in the recovery, but lay the foundations for growth in the years to come. As growth sets in, our ambition is to halve the deficit over four years. That is going to require a number of difficult decisions. If we want to invest in creating new industries and new jobs in the years to come, as well as to put public finance on a sustainable footing for the medium term, there will be difficult decisions on tax and difficult decisions on spending. However, if we can create new investment in the infrastructure that we need in the years to come and if that can be financed through selling off assets that we no longer need, it is the right decision to take.

Bob Russell (Colchester) (LD): Will the Minister confirm that his brief fails to alert him to the common sense of hon. Members on both sides of the Chamber relating to the funding and history of the building of the two tunnels under the Thames and the Thames bridge? It was intended that they would be paid for and then made free. In a spirit of joined-up government, will he confirm that the Department for Transport is at this very moment looking at proposals that could lead to the removal of the tolls altogether?

Mr. Byrne: The Department for Transport has to look at a whole range of scenarios for the years to come, not least whether another crossing is put over the Thames. That is why I said that the ambition over the next couple of years—the next two financial years—is to raise something of the order of £3 billion from the disposal of central Government businesses. We think that the assets listed could make a big contribution, but there will not be a fire sale. We will seek to extract the most value for taxpayers from the sale of the assets. That is why the Chancellor will return to the House with a portfolio of assets that we think it is right to sell over the next couple of years—the assets to which the hon. Gentleman referred will, I think, be among them.

Jim Cousins (Newcastle upon Tyne, Central) (Lab): Does the programme of disposals include all or part of the business of Northern Rock?

Mr. Byrne: The programme that we are putting before the House now, and which we will put before the House in more detail in the months to come, does not include disposal of the Government's interests in financial institutions.

Mr. Andrew Tyrie (Chichester) (Con): What is the Minister's definition of a fire sale?

Mr. Byrne: I would define a fire sale as selling things for substantially less than we think we could secure for taxpayers. However, this Government have a good record of selling assets in order to pay down debt, not least regarding the money that was raised from 3G licences in years gone by. Those decisions allowed us to go into this recession with debt at something like 36 per cent. of gross domestic product, which is much lower than other countries in the G7. Those decisions have helped us to ensure that help is available for businesses and families to get through this recession—help that the Conservatives opposed.

Mr. David Winnick (Walsall, North) (Lab): With all these public assets due to be sold off, may we be reasonably satisfied that at least the Palace of Westminster will not be flogged off to some land speculator or property company in the near future?

Mr. Byrne: There are some limits that even I must observe.

Hywel Williams (Caernarfon) (PC): On 29 June, the Prime Minister said that the £16 billion would be redirected to public investment. Will the money go to investment or to pay off debts? Even the Prime Minister cannot spend the same money twice.

Mr. Byrne: As I tried to say in my reply to the hon. Member for Twickenham (Dr. Cable), we think that local authorities will be able to secure some £11 billion of asset sales and central Government will achieve some £2 billion of asset sales. That money will be available for re-investment in infrastructure and other capital investment priorities. There are some businesses that can raise some £3 billion over the next two financial years, and those proceeds can be used to pay down debt.

Jeff Ennis (Barnsley, East and Mexborough) (Lab): Can the Minister confirm that the onward sale of the Tote will be on the basis of the seven-year exclusive licence that was in the original sale? Will the Treasury be willing to consider a revised bid put forward by a racing consortium?

Mr. Byrne: The answer to the second question is yes. The answer to the first question is, as I said to my right hon. Friend the Member for Makerfield (Mr. McCartney), that the current policy position on the sale of the Tote is undisturbed by the announcements made today.

Libya

3.52 pm

The Secretary of State for Foreign and Commonwealth Affairs (David Miliband): Mr. Speaker, with your permission, I will make a statement on the circumstances surrounding the decision of the Scottish Justice Minister on 20 August to release on compassionate grounds the man convicted of the Lockerbie bombing, Abdelbaset al-Megrahi.

As the Prime Minister has said, Lockerbie was a terrorist act of the gravest brutality. It was the largest peacetime loss of life on British territory. It was a major tragedy, with the killing of 43 Britons in the sky and in Lockerbie, 190 Americans and people of 19 other nations. It was an act, by people and a state, that breached all norms of humanity. That is why the reception for Megrahi on his return in August at Tripoli airport was so unacceptable.

My statement today sets out the events leading up to the Scottish Justice Minister's decision to release Megrahi. I will set out the changes in Libya's relations with the international community since 1988 and address the three central issues raised in respect of the UK Government at the time of his release: first, the decision by the Government to sign a prisoner transfer agreement with Libya that did not exclude Megrahi; secondly, the relationship between the British Government and Scottish Executive in the decision-making process; and thirdly, the separate questions of the investigation into the murder of WPC Yvonne Fletcher and the compensation for victims of Libyan-supported IRA terrorism.

The House will know that today is the 25th anniversary of the Brighton bombing, when the IRA attempted to murder a British Prime Minister and her Cabinet, and did kill five people, including one Member of this House, and injured many others. Throughout the 1980s and 1990s, the Libyan Government were linked to a number of terrorist organisations, including the Provisional IRA. Libya's support for international terrorism defined its relations with the western world.

As right hon. and hon. Members will recall, WPC Yvonne Fletcher's murder in April 1984 led us to cut off diplomatic relations. The bombing of a nightclub in West Berlin in 1986 was followed by US air-strikes on Tripoli and Benghazi. When evidence emerged supporting allegations that Libyan intelligence officers had been involved in the bombing of Pan Am flight 103 over Lockerbie in December 1988, the United Nations Security Council demanded that Libya hand over the accused and imposed sanctions when it failed to comply.

During the 1990s there was evidence from a range of sources that the Libyans were also actively pursuing a range of nuclear, chemical and biological weapons programmes, as well as the development of ballistic missiles. Libya was a pariah state whose activities posed a clear and unambiguous threat to international peace and stability, and to our security in this country. The story of the past decade has been very different. Libya has abandoned its support for international terrorism and stopped its pursuit of weapons of mass destruction, in a series of events that merit the term "unforeseeable".

In 1998, the US and UK Governments put forward a detailed joint proposal for the trial of the two accused of the Lockerbie atrocity. Our joint commitment to close and transparent working in all matters has continued throughout this case. We reported our proposal to the UN Security Council and the UN Secretary-General and, with the support of the Security Council, in 1999 persuaded the Libyans to surrender the two accused to a specially constituted court in the Netherlands where a Scottish panel of judges, without a jury, would try the accused under Scots law. Libya also agreed to pay $10 million compensation to each of the families of the victims, whatever their nationality, if the defendants were convicted. Megrahi was found guilty under Scottish law by the court in 2001 and his conviction was upheld on appeal in 2002.

Against that background and, as I will explain later, in particular after the Libyan admission of responsibility for WPC Fletcher's murder, the UK restored diplomatic relations in July 1999. The long-term aim was clear: the normalisation of relations with Libya.

On 19 December 2003, following months of secret discussions with the UK and US, the Libyans announced that they would eliminate their weapons of mass destruction and nuclear weapons programmes, and restrict the range of their missiles. They also agreed to immediate international inspections and to be bound by all the relevant international agreements, which they now are. Today, we share information and co-operate in our efforts to disrupt and dismantle terrorist groups in Europe and north Africa, in particular al-Qaeda in the Maghreb, which was responsible for the kidnap and murder of Edwin Dyer in May. We also try to find common ground in the UN and elsewhere on matters of common concern.

There is also an entirely legitimate commercial dimension to our ties. With the largest proven oil reserves in Africa and extensive gas reserves, Libya is potentially a major energy source for the future. We work hard to support British business in Libya, as we do worldwide.

We continue to have serious concerns about human rights in Libya, including about freedom of expression, arbitrary detention, political prisoners and the mistreatment of migrants. There are a number of important outstanding issues, in particular concerning the investigation into the murder of WPC Fletcher and the campaign for compensation by the victims of IRA terrorism.

In May 2007, Prime Minister Tony Blair made his second visit to Libya. His summit with Colonel Gaddafi at Sirte covered the full range of our interests with Libya. Mr. Blair signed a defence accord and witnessed the public signature of a major BP exploration contract. Also agreed was a memorandum of understanding on negotiations for a judicial co-operation package, including a prisoner transfer agreement and agreements on mutual legal assistance, extradition, and civil and commercial law.

The UK had a model agreement, based on Council of Europe arrangements, that was the starting point for negotiation on our prisoner transfer agreements with any country and that provided the starting point for negotiations with the Libyans. Four points are relevant. First, a PTA provides for prisoner transfer, not prisoner release. Secondly, it provides a framework for transfer, not a right to transfer. Thirdly, a PTA cannot be used when appeals, including by the prosecuting authority, are outstanding, as in this case. Fourthly, Ministers in the sentencing jurisdiction—in this case Scotland—have an absolute right to veto any transfer.

This standard draft had no provision for any carve-out for any named prisoner. However, the Scottish Executive made strong representations for us to seek to alter the

[David Miliband]

standard PTA so as specifically to exclude Mr. Megrahi. The UK negotiation team, led by the Ministry of Justice, sought in good faith to achieve this goal.

The Libyans insisted that the only PTA that they would sign was a PTA without any exclusions. So the Government had a clear choice. We could agree to a standard PTA with no exclusions, retaining for Scottish Ministers an absolute veto over any request for prisoner transfer in the case of Megrahi—a veto which they used in August this year—or we could have ended the negotiations to prevent an application for prisoner transfer. This would have set back our wider national and commercial interests that flowed from normalised relations, as the Justice Secretary has made clear. Since the PTA involved no prejudice to the rights of the Scottish Executive, nor pressure on the Scottish Executive, the Government decided it was right to go ahead. The PTA finally took effect in April 2009.

In September 2008, a new factor came into play. Megrahi was diagnosed with terminal cancer. The Libyans became increasingly concerned at the prospect of Mr. Megrahi dying in a Scottish prison. They communicated this to the Government and to the Scottish Executive. It was repeatedly made clear in reply, including in the Prime Minister's meeting with Colonel Gaddafi on 10 July this year, that the decision on Mr. Megrahi's fate was exclusively for Scottish Ministers and the Scottish judicial system.

Notwithstanding that any decision on release was for Scottish Ministers and the Scottish judicial system, the UK Government had a responsibility to consider the consequences of any Scottish decision. We assessed that although the decision was not one for the UK Government, British interests, including those of UK nationals, British businesses and possibly security co-operation, would be damaged—perhaps badly—if Megrahi were to die in a Scottish prison rather than in Libya. Given the risk of Libyan adverse reaction, we made it clear to them that as a matter of law and practice it was not a decision for the UK Government and that as a matter of policy we were not seeking Megrahi's death in Scottish custody.

In Scotland, compassionate release generally comes into play in the last three months of a prisoner's life. Scottish Justice Secretary MacAskill has set out the process by which he arrived at his decision in August this year to refuse the PTA transfer but to grant Megrahi compassionate release. He also set out the grounds on which he did so. As the Scottish Justice Secretary repeatedly stated in his announcement, this was a decision for him and him alone to take. The Government were clear that any attempt by us to pressure the Scottish Executive would have been wrong. At the press conference announcing his decision, the Scottish Justice Secretary confirmed that there was "no pressure from Westminster".

It is also important to address the unfounded allegation that we ended our search for progress in dealing with the legacy of Libya's past support for terrorism. Admission of responsibility for WPC Fletcher's murder and the payment of compensation were necessary for the restoration of diplomatic relations in 1999. Four years later, we secured Libyan agreement to a joint investigation into the murder. It was clear, including to the family, that anyone prosecuted for the murder would have to be tried in Libya. Since 2007, the Libyans have refused to allow the Metropolitan police to return to complete their work. We share the determination of the Fletcher family to find answers, and continue to work on this case.

In 1995, Libya provided critical information on its past links to the IRA. At that time, the then UK Government wrote to the United Nations declaring that they were

"satisfied that they have largely met our expectations"

in accounting for the extent of their support for the Provisional IRA. Libya has since then considered the issue a closed matter. Nevertheless, in respect of the campaign involving hon. and right hon. Members to secure compensation from Libya in respect of its past support for the Provisional IRA, we have created a dedicated unit in the Foreign Office to facilitate the families' renewed campaign. The unit is currently working with hon. and right hon. Members to secure a visit to Libya soon.

Twenty-one years on, the ongoing pain of the Lockerbie atrocity remains a testament to Libya's past association with international terrorism. Her re-entry into the community of nations does not and cannot absolve her of this responsibility. It does, however, represent a major step forward. The Government make no apology for their part in securing this progress and we reject the charges repeatedly made but not justified. The PTA was not an agreement for Megrahi's release. The Scottish Justice Minister said he was not pressurised to release him. We did not forget the victims of IRA terrorism, or WPC Fletcher. On that basis, I commend this statement to the House.

Mr. William Hague (Richmond, Yorks) (Con): We are grateful to the Foreign Secretary for making a statement and we of course concur with his remarks about the horrors of the Lockerbie bombing and about the 25th anniversary of the Brighton bombing, the memory of which means a great deal to all of us in the House, but particularly to those of us in the Conservative party.

In other respects, we will differ with the Foreign Secretary's statement, because it is our view that the release of Mr. Megrahi by Scottish Ministers was a mistake, that the episode was characterised by obfuscation and confusion on the part of Ministers at Westminster and that it damaged the standing of this country in the United States. The Secretary of State said that the decision was absolutely wrong, and the director of the FBI said that it made

"a mockery of the rule of law."

As the Foreign Secretary has pointed out, relations with Libya have improved over the last 10 years, which we all welcome. Since then, as he also pointed out, Libya has voluntarily dismantled its programmes on weapons of mass destruction, surrendered al-Megrahi for trial and co-operated on migration and counter-terrorism. We all want that co-operation to continue for the future. In the opinion of most people of this country and in our opinion, however, the case to release Mr. Megrahi against that background was outweighed by the requirements of justice and the fact that he had been sentenced to life imprisonment for the murder of 270 people—an opinion shared across the parties, including

by the leader of the Labour party in Scotland, who said that this would not have happened if the Labour party had been in power there.

One of the most bizarre aspects of the decision to release al-Megrahi was the fact that the Scottish Executive, having concluded that they could not transfer him under the prisoner transfer agreement because it would breach assurances given to the United States, then concluded that it was appropriate to release him altogether. Would it not have been more sensible to conclude that if it was inappropriate to return him to Libya as a prisoner, it was even more inappropriate to release him as a free man?

In the time available, let me put a few short questions to the Foreign Secretary about the Government's own conduct. Will he clarify what advice the Foreign Office gave to Scottish Ministers? We know that the Foreign and Commonwealth Office's middle east and north Africa directorate wrote to the Scottish Justice Secretary saying:

"We do not consider that the UK entered into a definite commitment, legal or otherwise, with the United States."

However, both the United States Attorney-General and Secretary of State were adamant that assurances had been given to the US Government that any person convicted would serve his sentence in Scotland—and, by implication, would serve the sentence. Why was there this fundamental difference of opinion between Westminster, Holyrood and the United States?

Secondly, the Foreign Secretary appears to have argued in his statement, in line with what the Justice Secretary said in his interview at the beginning of last month, that trade played a big part—a view that I see the Justice Secretary now assents to—in the decisions made about the prisoner transfer agreement. In that case, why did the noble Lord Mandelson say of that suggestion that

"it is not only wrong; it's completely implausible and actually quite offensive"

to say that the release of al-Megrahi was in any way linked to trade. *[Interruption.]* If the Foreign Secretary thinks that Lord Mandelson was wrong—however risky it may be make that assertion—he can say so and we can get that clear! Even more importantly, will he say what the event was that changed the Government's policy on the prisoner transfer agreement and caused the Justice Secretary to change his mind? What was the event, threat or negotiation that led to that change? Is it the case, as Colonel Gaddafi's son has asserted, that Megrahi was

"always... on the negotiating table in all commercial, oil and gas contracts and when British interests were discussed in Libya"?

The Foreign Secretary said nothing in his statement about relations with the United States. Given the evident differences of opinion with the US on the nature of the assurances given about Mr. Megrahi, should not the United Kingdom have informed the US about the change of policy on the prisoner transfer agreement? My hon. Friend the Member for Aylesbury (Mr. Lidington) tabled a question on 7 September, asking whether that was done, but no reply has yet been given. Will the Foreign Secretary clear up the confusion now by saying whether the US was informed of the British Government's policy and, if so, what was said in response? Will he now accept that the Government's handling of this matter in the aftermath of the Scottish decision left a great deal to be desired?

The Foreign Secretary effectively argued in his statement that the Government were happy to see Mr. Megrahi released—he can put that a different way if he does not agree to those words, but that is effectively what he argued. Does he agree with me that it was therefore deeply regrettable that the Prime Minister stayed silent on this issue for five days after the release, and that it took him another four days to say that he respected the decision? Would it not have been better for the Prime Minister to say immediately either that he disagreed with the decision, or that he agreed with it if he thought it was, on balance, the right thing to do?

Twelve days after the release, it emerged that the Minister of State, Ministry of Defence, the hon. Member for Harlow (Bill Rammell) had told the Libyans at a meeting in Tripoli that the Prime Minister did not want al-Megrahi to die in prison. That statement received tortuous confirmation from the Foreign Secretary when he said what he subsequently said in this statement—that

"we were not seeking his death in prison".

Why, then, did the Secretary of State for Children, Schools and Families say that

"none of us wanted to see the release of al-Megrahi"?

How can that be reconciled with the statements of Foreign Office Ministers? Why was the Cabinet unable to express a coherent view on the subject? Did it not damage this country in the eyes of the world that it was unable to do so?

The Foreign Secretary commented on the prospects of taking forward the case of WPC Yvonne Fletcher. Will he say whether he sees any realistic prospect of success, and what the next steps will be?

While we welcome the fact that the Government have changed their policy on support for the families who were victims of Libyan-backed IRA terrorism, can the Foreign Secretary assure us that as well as assisting those families, and consistent with that, Ministers will now raise the issue with Libyan officials and Government members whenever the opportunity arises? It seems extraordinary for Her Majesty's Government to give assistance to the families but never mention the subject in their dealings with Libya.

Will the Foreign Secretary concede that, when all the facts are taken together, it is clear that damage was done all round because of the Government's mishandling of the matter? Not only do the British public disapprove of this decision; our American allies were mystified and felt let down, from the President downwards. At present it is harder to pursue improved relations with Libya after all this, because of the cloud of suspicion that currently hangs over Britain's dealings with that country.

Given the number of questions, the huge public interest in the matter and the need for clearer answers to those questions, should we not have the independent inquiry into the matter for which we have called throughout?

David Miliband: Let me deal with the points made by the shadow Foreign Secretary.

I think that much of the right hon. Gentleman's quarrel—he was quite open about this—is actually with the Scottish Justice Secretary. He described the way in which his view of the case differs from that of the Scottish Justice Secretary. He was right to say that there was a difference between the prisoner transfer agreement and compassionate release. As I said in my statement,

[David Miliband]

the prisoner transfer agreement is not an agreement for release, but an agreement for the transfer of a prisoner from a prison in one country to a prison in another country. As I also said in my statement, the prisoner transfer agreement was not available for use because of appeals that were under way, including one from Scottish Ministers in respect of the length of the sentence. However, the Scottish Justice Secretary dismissed that.

The advice to the Scottish Executive was the subject of letters published last month. There was no legal bar to the decision made by the Scottish Justice Secretary. It is also important to point out that at every stage in the late 1990s it was clear—as it would have been clear to any Government talking to another Government—that the Government could not bind the hands of their successors, and could not foresee all the circumstances of the future. Certainly, I think that the transformation of our relations with Libya qualifies for the term "unforeseeable".

The right hon. Gentleman cautioned me about the risky business of decoding the remarks of my right hon. Friend Lord Mandelson, but actually they did not need to be decoded in this case. What Lord Mandelson said—as the right hon. Gentleman pointed out—was that there was no deal for the release of Megrahi in respect of trade, and that is absolutely right. I am afraid that the right hon. Gentleman was condemned in quoting the words of Lord Mandelson. As for the son of the Libyan leader, he has made it quite clear that there was no deal in respect of Megrahi's release.

The right hon. Gentleman asked about the next steps to be taken on the Fletcher case. Obviously I will not give a running commentary on all the aspects, but I look forward to meeting the Metropolitan Police Service and the Fletcher family again this month with a view to discussing how we might take that forward. I think it would be wrong to give false hope at this stage, because the Libyans have made it absolutely clear that they consider the matter closed.

Of course we will continue to discuss the support for the families of the victims of IRA terrorism with the Libyan authorities, but we have reached the very clear view that there is more chance of its being addressed on a humanitarian basis by representatives of the families than in a Government-to-Government negotiation. It is important to be open and clear about that.

I said in my statement that candour and transparency were the essence of our special relationship with the United States. That relationship, and that basis, have been fulfilled at every stage of this affair. The right hon. Gentleman will I hope have seen the article in the *Financial Times* last month by the new United States ambassador to the United Kingdom, which made it absolutely clear that our relationship with the United States was as strong as ever, and I hope he will also have studied carefully the words of Secretary Clinton yesterday, who could not have been more fulsome or clear about the strength, and continued strength, of the relationship between the UK and the United States.

Mr. Edward Davey (Kingston and Surbiton) (LD): May I thank the Foreign Secretary for his statement and note in passing that long recesses are not a good advertisement for Parliament, as too often we cannot ask questions when they are most pertinent?

The Foreign Secretary has once again tried to suggest that at all times the British Government acted appropriately and that they got the best possible result for everyone involved. I have to tell him that that is not the view of many victims of the Lockerbie massacre, or the victims of Libyan-supplied IRA Semtex bombs, or the family of WPC Fletcher—not to mention President Obama. How were the United States Government able to secure compensation from Libya for the Lockerbie bomb victims, yet the British Government failed to secure compensation for IRA bomb victims? Why did it take this summer's row to force a change in policy on compensation for IRA victims?

Today, the Foreign Secretary has once again protested that there was no link between al-Megrahi's release and any trade deals; yet his explanation of why his right hon. Friend the Secretary of State for Justice totally changed his position on the prisoner transfer agreement with Libya suggests, in his own words, commercial considerations were a key factor, so is it not the case that trade came before justice? Even if trade issues did not affect the final decision to release al-Megrahi, is the Foreign Secretary saying that in all UK Government negotiations with the Libyans there was never any discussion involving any type of linkage between al-Megrahi's possible future release and trade deals for UK companies?

While we all welcome the changed Libyan policies in recent years in respect of terrorism, will the Foreign Secretary not accept that the Libyan regime still has an extremely poor record on human rights? According to Amnesty, peaceful opponents of the regime can face execution merely for speaking out, so will the Foreign Secretary make it clear today that Britain wishes to see Libya clean up its act on human rights, and will he therefore explain why Britain has been training Libyan police and Libyan special forces, and granting a growing number of export licences for everything from water cannon to armoured personnel carriers?

Given all this, surely the Foreign Secretary must think again about our call for an inquiry, and the Conservative call, and announce an inquiry that covers all aspects of the UK-Libyan relationship in the run-up to the release of al-Megrahi. Nothing else will be able to reassure the public that trade in arms did not come before justice. Anything else should be unacceptable to this House.

David Miliband: I want to start by saying very clearly that the fundamental issue in this case was the right of Scottish Ministers to take this decision without pressure. It is the word of the Scottish Justice Minister—not a member of the governing party in the United Kingdom, but a member of the Scottish National party—that it was his decision, his decision alone and a decision taken without pressure from Westminster; he himself has said that. The most fundamental responsibility of the Government was to respect the constitution of this country, which has devolved powers in respect of this issue, and that was acted upon very diligently by the Government.

In respect of US compensation and the victims of IRA terrorism, the hon. Gentleman will know that the United States were at a different stage in the restoration of diplomatic relations than us. We restored diplomatic relations after the resolution of the WPC Fletcher issue, and, as I explained in my statement, the United States

were at a much later stage in their discussions. None the less, I think it important to support the campaign being waged by hon. and right hon. Members on this issue.

I will check *Hansard*, but the hon. Gentleman did say in his question—I wrote it down—"Even if trade negotiations did not affect the final decision." That was an important thing to say because I could also quote what he said on the radio when debating with my right hon. Friend the Secretary of State for Justice, which was far from such an admission. I hope that the hon. Gentleman has now recognised that the final decision was not affected, as it could not be because we were not putting pressure on.

In respect of Libyan human rights issues, the hon. Gentleman will know that the Foreign Office publishes an annual human rights report. He is right to draw attention to this, and I mentioned it in my statement. I certainly agree with him that we want to make human rights abuse a thing of the past, wherever it exists. Finally, the Libyan police training is a programme to help Libya meet its human rights obligations; far from undermining the case, which he and I share, that Libya needs to clean up its act, this was a way of helping it to do so.

On the inquiry, which is the hon. Gentleman's single transferable answer to every conceivable policy problem, his call seems to be ill-founded. On the sentencing authority, the Scottish Executive and the Scottish authorities are the right people to consider whether there are any issues in that respect, and I come to this House to explain the facts of the case. Given that a lot of the papers have already been published—last month—I think there is more than enough material for him to make his own judgments about the situation.

Several hon. Members *rose—*

Mr. Speaker: Order. Leaving aside the evident interest in this statement, there is heavy pressure on business today, as the House will appreciate, so once again I appeal to each hon. or right hon. Member to ask a single short supplementary question and to the Foreign Secretary to provide us with a brief reply. I call Mr. David Hamilton.

Mr. David Hamilton (Midlothian) (Lab): One thing that angers most Scots, as it does people throughout the UK, is that this Government did not condemn outright the action taken by the Justice Minister in Scotland. His decision angered the vast majority of Scots and people throughout the UK. What message does it send to our armed forces fighting in Afghanistan that we release a prisoner who should never have been released?

David Miliband: I have a great deal of respect for my hon. Friend, whom I know to be a strong supporter of our work in Afghanistan and of the extraordinary bravery of our troops there. I hope he will accept that there is not a scintilla of doubt about the Government's commitment in that respect, nor a scintilla of support or succour given to those who would be attacking our troops. He said that this was a decision that we made. It was not a decision that the Government made; it was a decision made by the appropriate authorities—in this case, a single member of the Scottish Executive: the Scottish Justice Minister. It is right to say very clearly that it was not for the British Government to take this decision. It was for the British Government to assess the consequences of the decision and to make it clear that we were not seeking the death of Mr. Megrahi in jail, although it was a decision for the Scottish Justice Minister to make. That is something we said repeatedly throughout this affair.

Sir Malcolm Rifkind (Kensington and Chelsea) (Con): Is the Foreign Secretary aware that, as Secretary of State for Scotland in 1988, I had to travel to Lockerbie on the night of the disaster? Never for a moment did I expect that the person convicted of murdering more than 200 people would be released and sent home having served only eight years of a 27-year minimum sentence. Is the Foreign Secretary aware that he has made a remarkable admission today? In his statement he said—correctly, of course—that it was the Scottish Executive's Minister who took the decision, but he went on to say that the UK Government had a responsibility to consider the consequences of that decision. He says, in his own statement, that the only consequences that they considered were the implications of al-Megrahi dying in a prison in Scotland, rather than at home. So has the Foreign Secretary, by his own admission, not acknowledged that he paid more attention to the views of the Libyan Government, who were responsible for this terrorist outrage, than to the views of the United States, almost 200 of whose citizens were killed on that evening?

David Miliband: I remember where I was in 1988—I was a student in New York. I can well imagine the emotion and passion that exist—*[Interruption.]* My right hon. Friend the Justice Secretary says that he remembers the right hon. and learned Gentleman travelling to Lockerbie at that time. I am sure that the right hon. and learned Gentleman never expected the transformation in Libyan relations that has taken place, nor anticipated the terminal cancer that struck. I want to address, head on, the nonsense that he talked at the end. We considered every eventuality—*[Interruption.]* I am sorry, but the statement is absolutely clear that we had a responsibility to consider the consequences of the decision that was taken, and the decision—be it one way or the other—had to be accounted for. Three possible decisions could have been taken, and they were all considered as part of our contingency planning for what the Scots might do, of their own accord, in the decision that was theirs to take.

Mr. Jim Devine (Livingston) (Lab): Unlike my hon. Friend the Member for Midlothian (Mr. Hamilton), I fully support the Scottish Justice Secretary's decision to send al-Megrahi home. During the middle of this furore it was reported that my right hon. Friend the Foreign Secretary had sealed the papers for ever regarding the Lockerbie bombing. Is that the case, and if so why?

David Miliband: That is the first I have heard of it. Obviously, some of the papers were released by the Scottish Executive last month and the normal freedom of information rules will apply. Perhaps my hon. Friend is referring to the papers of previous Governments—I do not know if that is the case, but I am happy to have a word with him afterwards to get to the bottom of his concern.

Mr. David Heathcoat-Amory (Wells) (Con): Is not the real problem that we have now in this country two competing jurisdictions—the Scottish Executive and the UK Government—both pursuing aspects of foreign

[Mr. David Heathcoat-Amory]

policy and with overlapping and sometimes conflicting responsibilities? What is the Foreign Secretary doing to sort out this muddle and confusion and to prevent it from happening again, so that we can bring some coherence to our relations with other Governments?

David Miliband: There are no competing jurisdictions when it comes either to foreign or criminal justice policy. The right hon. Gentleman will know that there has long been a different system of criminal law in Scotland, which was previously administered by Ministers of the Crown here in London. However, now that his right hon. Friend the Member for Witney (Mr. Cameron) has arrived, I should say that his party now supports the devolution settlement in Scotland and I suggest that he stop attacking its continued presence in the United Kingdom.

Keith Vaz (Leicester, East) (Lab): I thank the Foreign Secretary for his statement, which has allowed Members on both sides to express their concern over the decision that has been taken. He mentioned the establishment of a new unit in the Foreign Office to help the families of the victims of IRA terrorism. Will he give an undertaking to this House that it is not just the creation of the unit that matters, but full and unequivocal support from Ministers for the campaign? Will he give thought to the idea of a Minister's leading the delegation when it goes to Libya to ask for that compensation?

David Miliband: I certainly give my right hon. Friend the commitment of full ministerial engagement and support. However, I think it would be unwise to turn this into a Government-to-Government issue. It is far better that we support the families, who are campaigning for the victims, and their representatives in Parliament, because I think that a humanitarian appeal is more likely to succeed. I do not want to raise expectations of imminent success in this area, but I think that a humanitarian appeal has more likelihood of success than a Government-to-Government negotiation.

Angus Robertson (Moray) (SNP): I hope that the Foreign Secretary deprecates the comments we heard from those on the Labour and Conservative Benches who seek to undermine the Scots legal system, where it is custom and legal practice to release prisoners who are terminally ill on compassionate grounds. The decision by Justice Secretary Kenny MacAskill on al-Megrahi was based on the recommendation of the Parole Board and the prison governor, and on the medical advice of the Scottish Prison Service. Does the Secretary of State agree that it was correct to make a decision based on quasi-judicial grounds and not on political considerations?

David Miliband: The particular role of the Justice Secretary in Scotland, like that of the Justice Secretary in the UK, is circumscribed by quasi-judicial aspects. They have been followed through in this case and that is why the Prime Minister said that we respected the process by which he came to his decision.

Tom Levitt (High Peak) (Lab): Given that this was a decision by a Scottish Minister on compassionate grounds, I wonder whether my right hon. Friend has seen any assessment of the evidence that the hon. Member for Moray (Angus Robertson) mentioned a moment ago—particularly that on the medical grounds—or whether, in a few months' time, we might discover that compassionate release is as effective a cure for cancer as it once apparently proved for Alzheimer's disease in another high-profile compassionate case?

David Miliband: I have no evidence to suggest that the medical opinions were other than straightforward, but we are all obviously watching the clock on this issue.

Malcolm Bruce (Gordon) (LD): Does the Secretary of State acknowledge that there is disquiet among many people about the fact that Mr. Megrahi withdrew his appeal the day before Kenny MacAskill made his announcement, presumably because of the return of prisoners legislation? Does the Secretary of State not agree that as a consequence, people are disappointed that the opportunity perhaps to find other perpetrators of Lockerbie who have never been brought to justice has been lost? Does not that, in itself, justify an inquiry?

David Miliband: Although the Megrahi appeal was dropped, the appeal by the sentencing authority—by the Crown—was not. That is why the prisoner transfer agreement would not have been applicable in that case. Of course, it is completely within the rights of those in the Scottish system to establish any sort of inquiry that they want into the decision that was taken.

Andrew Mackinlay (Thurrock) (Lab): May I tell the Secretary of State that the victims welcome the initiative of creating this special unit? Together with Northern Ireland colleagues, I have been privileged to attend weekly meetings at the Foreign Office in connection with this issue, but we want the opportunity to go to Tripoli to indicate that this can be a source of final reconciliation. We need more leverage from Ministers to get us access to Tripoli, where the victims can put their case before the Libyan regime. I urge the Secretary of State to tweak things a bit, just to put that extra energy into it.

David Miliband: I am grateful for what my hon. Friend has said—he has been a doughty campaigner on behalf of the victims. In fact, I think that he was in a meeting in the Foreign Office the week before this all blew up, and he will know that there is a real commitment to that proposal. I am happy to talk to him about the sort of tweaks that he thinks necessary, but I think that the case that he made for a visit to Tripoli is overwhelming, and I look forward to its being met.

Mr. Henry Bellingham (North-West Norfolk) (Con): Is the Foreign Secretary aware that I represent the family of Bill Cadman, who was a constituent murdered in the Lockerbie atrocity? The family feel incredibly strongly, as do the other families. The Scottish fatal accident inquiry was too limited in scope, because it did not cover security issues. Why has there never been a proper full inquiry into this atrocity, so that the families of the victims could secure proper closure?

David Miliband: I did not know about the individual family concerned, but I know that there are strong feelings among the families in the UK. It is right to keep saying that the criminal justice investigation and the

final prosecution were undertaken under Scots law. It is for the Scottish Executive and the Scottish system to decide if there are any holes in that approach and, if there are, to follow that up.

Mr. David Jones (Clwyd, West) (Con): If the decision to release al-Megrahi were made not by the Scottish Justice Secretary but by the Foreign Secretary's colleague, the Lord Chancellor, would the Foreign Secretary still feel constrained to remain silent in the face of the world's press?

David Miliband: I think that the hon. Gentleman will find that such a decision, whether in Scotland or in the UK, is for the Scottish Justice Secretary or for an English Justice Secretary to take, alone and on their own. Its quasi-judicial nature applies in both systems.

Mr. Alistair Carmichael (Orkney and Shetland) (LD): Does the Foreign Secretary accept that after all the sound and fury generated by Governments, the people who are left feeling more alienated and marginalised than ever are the families of the 259 passengers and crew from Pan Am flight 103 and of the 11 Lockerbie residents? They are the ones who are left feeling, more than ever, that they are further from the truth. I have asked the Select Committee on Scottish Affairs to hold an inquiry into how the machinery of government in London and in Edinburgh has operated to produce this lamentable situation. Would the Foreign Secretary assure me that if the Committee were minded to proceed with such an inquiry he and the rest of the Government would co-operate with it fully? Does he not think that the families deserve that at the very least?

David Miliband: I can certainly assure the hon. Gentleman that the Government will follow all the appropriate procedures and precedents when it comes to the establishment of inquiries by this or any other House.

Mr. Graham Brady (Altrincham and Sale, West) (Con): May I, too, emphasise the strength of feeling among many friends and family of the Lockerbie victims about the fact that there should be a full inquiry, especially as they believe that the dropping by Megrahi of an appeal may deprive them of any opportunity of really finding the truth and achieving the closure that they want?

David Miliband: I am sure that the hon. Gentleman's words have been heard in Scotland as well as here, because it is for them to decide whether or not there is the basis or evidence for a new inquiry of any kind.

Dr. William McCrea (South Antrim) (DUP): Will the Foreign Secretary confirm that there is evidence that the Libyan Government supported terrorist groupings, including the Provisional IRA, even in the early 1970s, and that the papers that were recently released prove that the then Labour Government offered inducements to the Libyan Government, seeking the withdrawal of their support from the murderous Provisional IRA? Will the Government therefore actively engage with those innocent people who have suffered because of the IRA-Libyan connection, and lead the delegation to Libya?

David Miliband: The hon. Gentleman makes an important point. He dramatises the shift that has occurred in Libya's position in the international community over the past 15 years. It is certainly our determination to work closely with him and with his right hon. and hon. Friends. I repeat to him what I have said in response to other questions in the House: it is the leadership of the group on humanitarian grounds, rather than on bilateral Government-to-Government grounds, that holds the best chance of success, and on that basis, we are absolutely committed to supporting him in any way that we can.

Mr. Ben Wallace (Lancaster and Wyre) (Con): On 16 December 2003 a meeting took place between officials from the British Foreign Office and Downing street and Libyan intelligence officials. Just three days later the then Prime Minister, Tony Blair, announced the WMD deal. At the negotiations in the Travellers club, the subject of Mr. Megrahi was raised. Could the Foreign Secretary tell us in what context it was raised, and can he assure the House that there was absolutely no link between the status of Mr. Megrahi and the WMD deal?

David Miliband: In my statement and in my answers to questions I have given a full explanation of the situation. I have also explained the circumstances leading to the abandonment by the Libyans of their WMD programme. As the right hon. Member for Richmond, Yorks (Mr. Hague), who speaks for the Conservative party on these issues, has made clear, there is cross-party consensus about the process and the outcome in respect of Libya's weapons of mass destruction programme and its nuclear programme. I should have thought that the hon. Gentleman would be better off resting on that basis.

NEW MEMBER

The following Member made the Affirmation required by law:

Chloe Rebecca Smith, for Norwich, North.

Personal Statement

4.36 pm

Jacqui Smith (Redditch) (Lab): With permission, Mr. Speaker, I wish to make a personal statement.

I am grateful to the Committee on Standards and Privileges for its consideration of the detailed report from the Parliamentary Commissioner for Standards following his seven-month investigation. I want to apologise unreservedly to the House, as I have to my constituents, for wrongly claiming for the cost of films alongside my broadband and cable connection. This claim should never have been made and, as the Committee notes, I paid back the claim in full as soon as it was brought to my attention.

On the issue of second home allowances, the commissioner and the Committee recognise that my London home is indeed a home. They dismiss the most usually repeated newspaper descriptions of my living arrangements, and I welcome this judgment. As the report makes clear, I sought and received written advice from the parliamentary authorities that supported my main home designation and, indeed, I spent more nights in London than in Redditch for three of the four years in question. I have never flipped my designation and I own only one home.

The Committee recognises that there is no evidence that the taxpayer would be any worse or any better off as a result of my having made a different decision. However, in retrospect the commissioner concludes that I should have used my discretion to change my main home designation. I accept the Committee's conclusions and I therefore apologise to the House. I want to say sorry, too, to my constituents. They are my No. 1 priority, and for too long this investigation has overshadowed the work that I do for them.

Health Bill [*Lords*]

[Relevant Documents: The Eleventh Report from the Joint Committee on Human Rights, Legislative Scrutiny: Health Bill; Marine and Coastal Access Bill, HC 396, and the Fourteenth Report from the Committee, Legislative Scrutiny: Welfare Reform Bill; Apprenticeships, Skills, Children and Learning Bill; Health Bill, HC 414.]

Consideration of Bill, as amended in the Public Bill Committee

New Clause 12

DE-AUTHORISATION OF NHS FOUNDATION TRUSTS

'(1) In the National Health Service Act 2006 after section 52 insert—

"52A Application of sections 52B to 52E

(1) Sections 52B to 52E apply to—

(a) an NHS foundation trust authorised under section 35 on an application under section 33;

(b) an NHS foundation trust established under section 56 to which subsection (2) applies.

(2) This subsection applies to an NHS foundation trust if—

(a) at least one of the trusts on whose application the NHS foundation trust was established was an NHS foundation trust within subsection (1)(a), or was an NHS trust all or most of whose hospitals, establishments and facilities were in England, or

(b) the NHS foundation trust is the result of a succession of mergers under section 56, any of which involved an NHS foundation trust within subsection (1)(a) or an NHS trust all or most of whose hospitals, establishments and facilities were in England.

52B De-authorisation: regulator's notice

(1) The regulator may give the Secretary of State a notice under this section if it is satisfied that—

(a) an NHS foundation trust to which this section applies is contravening or failing to comply with, or has contravened or failed to comply with, any term of its authorisation or any requirement imposed on it under any enactment, and

(b) the seriousness of the contravention or failure, or, if there has been more than one, of any of them taken together, is such that it would justify the Secretary of State making an order under section 52D.

(2) The notice must be in writing.

(3) With the notice the regulator must give the Secretary of State a report stating the reasons why it is satisfied as mentioned in subsection (1).

(4) Before giving a notice under this section, the regulator must consult first the Secretary of State (unless the notice follows a request by the Secretary of State under section 52E) and then—

(a) the trust,

(b) any Strategic Health Authority in whose area the trust has hospitals, establishments or facilities, and

(c) any other person to which the trust provides goods or services under this Act and which the regulator considers it appropriate to consult.

52C Grounds for de-authorisation notice

(1) In determining under section 52B(1)(b) whether the making of an order would be justified, and in determining whether to give a notice under that section, the regulator must consider these matters (among others)—

(a) the health and safety of patients;

(b) the quality of the provision by the trust of goods and services;

(c) the financial position of the trust;

(d) the way it is being run.

(2) The regulator must publish guidance as to the matters (including those mentioned in subsection (1)) that it proposes to consider in making those determinations.

(3) Before publishing any guidance under this section, including any revised guidance, the regulator must consult—

(a) the Secretary of State,

(b) each NHS foundation trust to which this section applies,

(c) each NHS trust intending to make an application to become an NHS foundation trust, and

(d) such other persons as the regulator considers appropriate.

52D De-authorisation

(1) If the regulator gives notice under section 52B in relation to a trust, the Secretary of State must make an order for it to cease to be an NHS foundation trust.

(2) An order made under subsection (1) must specify the date when it is to take effect, which must be within the period of 5 working days beginning with the day on which it is made.

(3) On an order under subsection (1) taking effect in relation to a body, it ceases to be an NHS foundation trust and a public benefit corporation and becomes a National Health Service trust.

(4) The order must specify, in relation to the trust, the matters mentioned in paragraph 5(1)(a) to (c) of Schedule 4 and, where the trust has a significant teaching commitment, the matters mentioned in paragraph 5(1)(d).

(5) The order may provide for any provision under subsection (4) specifying the number of executive directors and non-executive directors to take effect at the end of a period specified in the order.

(6) Schedule 8A makes further provision about trusts in respect of which an order is made under subsection (1).

(7) If it appears to the Secretary of State to be necessary in order to comply with provision made under subsection (4), or made by regulations under paragraph 4 of Schedule 4, the Secretary of State may by order—

(a) terminate the office of any executive or non-executive director of the trust;

(b) appoint a person to be an executive or non-executive director of the trust.

(8) Within seven days after the day on which the Secretary of State makes an order under subsection (1) the regulator must publish its report under section 52B(3).

(9) In this section "working day" means any day which is not Saturday, Sunday, Christmas Day, Good Friday or a day which is a bank holiday in England and Wales under the Banking and Financial Dealings Act 1971.

52E Secretary of State's request

(1) If it appears to the Secretary of State that there are grounds for the regulator to be satisfied as mentioned in section 52B(1), the Secretary of State may request the regulator in writing to consider exercising its power to give a notice under that section.

(2) A request under this section must—

(a) specify the NHS foundation trust to which it relates, and

(b) state the grounds relied on by the Secretary of State.

(3) The Secretary of State must lay before Parliament any request under this section.

(4) If within the required period the regulator does not give a notice under section 52B in response to a request under this section, it must, within that period, publish its reasons for not doing so with a statement as to how it has complied with section 52C(1).

(5) The required period is—

(a) 14 days beginning with the day after the regulator receives the request, or

(b) any longer period specified in the request.

(6) The Secretary of State may by order extend or further extend the required period."

(2) Schedule 2 (which inserts Schedule 8A to the National Health Service Act 2006, which makes provision about de-authorised NHS foundation trusts) has effect.'.—*(Mr. Mike O'Brien.)*

Brought up, and read the First time.

4.38 pm

The Minister of State, Department of Health (Mr. Mike O'Brien): I beg to move, That the clause be read a Second time.

Mr. Speaker: With this it will be convenient to discuss the following:

New clause 11—*Notification of Care Quality Commission special reviews and investigations*—

'(1) The Health and Social Care Act 2008 is amended as follows.

(2) In section 39 (bodies required to be notified of certain matters) after subsection (2)(d) insert—

"(e) an investigation under section 48 (special reviews and investigations)."'.

Government amendments 21 to 37. *[Interruption.]* I appeal to Members who are leaving the Chamber to do so quickly and quietly to allow for orderly transition to the next business.

Mr. Mike O'Brien: I rise to move Government new clause 13. This amendment would insert the new clause into the Bill to enable a designated mental health NHS foundation trust to earn up to 1.5 per cent. of its total income from income that it derives from private charges. The new clause also contains a definition of mental health foundation for that purpose.

In the course of the Bill's passage through Parliament—*[Interruption.]* Sorry, Mr. Speaker, I am afraid that my speaking notes are not in the right order. I apologise for that. They have just been reorganised, and I think that those who reorganised them did so somewhat more efficiently than they should have. Let me move to new clause 12 and Government amendments 21 to 37.

The Mid Staffordshire Foundation NHS Trust failed its patents and the national health service. Members will be well aware of the history of that case, the House has debated it at length and I am grateful to many hon. Members, from all parts of the House, who during the past year have drawn our attention to the issues at Mid Staffordshire. We have to learn the lessons from that case and ensure that such events cannot take place again. The report of Dr. David Colin-Thomé, the national clinical director for primary care, contained a number of recommendations that are being taken forward, including better co-ordination among both the regulators themselves, and among the regulators and the primary care trusts and strategic health authorities.

Mr. Nicholas Soames (Mid-Sussex) (Con): Will the right hon. and learned Gentleman give way?

Mr. Mike O'Brien: I shall, but I am just introducing the issue.

Mr. Soames: I am very grateful. On that particular point, following the dreadful events in Staffordshire did the Minister issue to the strategic health authorities throughout Britain a lessons-learned document or any other instructions?

Mr. Mike O'Brien: Dr. David Colin-Thomé undertook a report on the issue, so a full report on the lessons to be learned was issued throughout the national health service. It was not issued as a ministerial directive; it was more a clinical examination of the issues that had arisen. We have now started an inquiry into the details of what happened locally in the trust. The inquiry is hearing evidence and will, we hope, report towards the end of this year or the start of next. I hope that that deals with the hon. Gentleman's point.

Improvements have been made: for example, Monitor has formalised and improved its contact with the Care Quality Commission, which needed to be done; and, working with the CQC and Monitor, we are tightening up the quality requirements for aspirant foundation trusts.

The amendments act on just two of the many lessons that we have learned from Mid Staffordshire. First, foundation trust status should not be seen as a one-way ticket. That is an important message which we need to put out off the back of the Mid Staffordshire incident. Secondly, transparent democratic accountability is vital when a foundation trust fails. Members want to know what Ministers will do to sort out the problem, and on that issue there were clearly some difficulties.

Dr. Howard Stoate (Dartford) (Lab): Will my right hon. and learned Friend ensure that foundation trust board meetings are held in public? At the moment, the vast majority are held privately and therefore do not reassure the public that there is transparency in foundation trusts as currently constituted.

Mr. Mike O'Brien: There will clearly be variation in the work that trusts—whether foundation or, indeed, non-foundation—are able to conduct in public and in private. Some of their work is about contracts, including which contracts they are going for and how they make judgments and arrangements in relation to them, so some matters are commercially confidential. However, we need to ensure that trusts—whether foundation or non-foundation—are accountable publicly, so as much as possible should be in the public arena.

I agree with my hon. Friend as far as that is concerned, but let me say this: the foundation trust model is a key plank of reform, allowing greater freedom and autonomy to those who can demonstrate high performance. FT status is a hard-earned privilege and an incentive to drive up quality, innovation, productivity and local accountability. When an FT has failed to live up to that standard and public confidence has been damaged, it is in our interests to ensure that the privileges of FT status are withdrawn. When I say "in our interests", I am talking about the interests of the public as a whole in ensuring that the foundation trust brand justifies giving such freedom and responsibility.

4.45 pm

Mr. Lindsay Hoyle (Chorley) (Lab): Will the Minister give an assurance to the rest of the foundation trusts that what happened in Stafford cannot be repeated across the rest of the country? What audit has he carried out to ensure that?

Mr. Mike O'Brien: We have set up the Care Quality Commission, whose job it is to ensure that standards in the trusts across the health service are high. The commission can look at how such standards are operated. Furthermore, Monitor, the organisation that oversees the foundation trusts, is responsible for ensuring that the overall operation of the brand is of high quality.

Mr. Hoyle *rose—*

Mr. Mike O'Brien: I shall give way, but there is a lot to get through today and I want to make progress after my hon. Friend's intervention.

Mr. Hoyle: My right hon. and learned Friend mentioned the use of Monitor, but would it not be common sense for the organisation that oversees NHS hospitals to oversee foundation trusts as well? The fact is that Monitor does not oversee both; perhaps there would be better similarities if only one organisation investigated.

Mr. Mike O'Brien: I take my hon. Friend's point, but in a sense the Care Quality Commission will be considering the quality of the NHS as a whole; it will examine particular trusts and particular issues in relation to trusts where it needs to do so. Monitor's role is different: to oversee foundation trusts and to ensure that that brand of independence, identity and accountability demonstrates good standards.

The amendments need to be viewed in the context of Monitor's existing powers of intervention under the National Health Service Act 2006 and the de-authorisation proposals already in the clauses relating to trust special administrators. The 2006 Act gives Monitor wide powers to intervene on an FT in the event of a significant breach—the word "significant" is important—of the terms of authorisation. Monitor has a range of powers, including removing any or all of the directors of the board or requiring the board of an FT to do, or not to do, specific things. The clauses relating to trust special administrators already enable Monitor to trigger de-authorisation of a foundation trust that is no longer sustainable—again, an important word—in its current form. That is as a preliminary to the de-authorised trust coming under the control of a trust special administrator as part of a clearly defined six-month process.

The proposal under consideration today is a further, distinct piece of the jigsaw. It enables Monitor to trigger de-authorisation when—and this is very rare—a sustainable FT has breached any term of its authorisation or a statutory requirement and the breach is so serious that it justifies that step. A power to de-authorise makes it clear that foundation trusts must maintain the high standards expected of them and gives a strong signal to the public that organisations must earn the right to continue as foundation trusts. A de-authorised foundation trust would become an NHS trust under the Secretary of State's powers of direction. As with the clauses relating to trust special administrators, transitional arrangements would be put in place to allow the continuation of commercial arrangements entered into using FT freedoms and to ensure continuity of services for local people; that was particularly important in relation to Monitor.

Triggering de-authorisation is a complex decision. I make no apologies for the complexity of the process, which is about balancing the freedoms and independence of the FT network with the need for democratic accountability. The amendments establish a framework requiring that Monitor considers the health and safety of patients, the quality of services that are provided, the financial position of the trust and the way in which it is being run. To ensure full and proper consideration of this issue, the amendments propose that Monitor be required to publish guidance setting out in detail the factors that it will take into account. It is also important that before triggering a de-authorisation, Monitor consults key stakeholders to get their views. Accordingly, the amendments require Monitor to consult the Secretary of State, the trust, the appropriate strategic health authority and relevant commissioners of the trust's services. That mirrors the process relating to trusts' special administrators.

In addition to highlighting the need for such a de-authorisation process, the Mid Staffordshire experience highlighted issues of democratic accountability. While Monitor is responsible for the regulation of foundation trusts, the Secretary of State is ultimately accountable to Parliament for the overall provision of NHS services. Monitor's operational independence is a vital component of the regulatory framework, and one that we should seek to maintain, but when considering the most serious risks to patients the Secretary of State should have the ability at least to express formally his view. To enable that, the amendments propose that the Secretary of State will be able to request formally that Monitor considers de-authorising a foundation trust. In such a situation, it will be vital that the Secretary of State and Monitor are able to act quickly and transparently.

We therefore propose that if Monitor believes that a differing course of action is preferable, it will be required publicly to explain its decision, either within a default of 14 days or within such further time as the Secretary of State deems appropriate to the particulars of the case. If there is a case for a longer period, Monitor may ask for that and the Secretary of State will be able to consider it and take a view as to how long it should be.

Mr. David Drew (Stroud) (Lab/Co-op): I speak as a governor of an acute hospital trust. At what stage does the Minister believe that Monitor should be talking to governors, and what time frame should governors have to consider some of the internal operations of the trust? There is not much point in being a governor if the first thing that happens is the disempowering of their role in any such questioning of the trust. Where do the governors come into this arrangement?

Mr. Mike O'Brien: Monitor will have to publish guidance on how it will carry out the process, as well as the criteria that it will use. How that is done will be the subject of further discussions between Monitor and the various trusts and/or interested parties, including the Secretary of State. Our view is that if Monitor decides that the way in which a trust has behaved means that it has to go through the process of considering whether that trust should be de-authorised, Monitor will need to carry out appropriate consultation, and it may well be that governors are appropriate people to consult.

Sir Patrick Cormack (South Staffordshire) (Con): The Minister will know from our consultations on the sad episode in Stafford that I have sympathy with his view that Monitor should be able to take sanctions against a defaulting trust. However, having listened to what he has said I am a little worried that the process will be vague and cumbersome. What can he do to reassure me on that?

Mr. Mike O'Brien: We have discussed the process with Monitor and made it clear that we want it to be relatively quick. The hon. Gentleman will know from his experience as a Staffordshire MP that there were concerns about how that matter was dealt with and the speed. We therefore need to ensure that there is sufficient time to deal with the issues so that Monitor is able to receive a request from the Secretary of State, in that particular part of the process. The Secretary of State will determine whether he believes that the situation requires such a request. Monitor will then have 14 days—it will be able to apply for more time if it wishes—to take a view as to whether de-authorisation is the appropriate process. If it decides that it is not, and that it can deal with the matter by taking various steps, it will say so and have to set out its reasons.

If Monitor takes the view that de-authorisation is necessary, there will be a further stage in the process. We must not get mixed up about which stage we are talking about. At that stage, Monitor will be able to consult governors, the relevant strategic health authority and the various other parties that are directly affected, including the commissioners for the trust involved.

I make no apologies for the fact that the system is complicated, but in practice, given the urgency and rareness of the situation in question, we need to be able to deal with problems expeditiously. It is important to make the point that, thankfully, we do not expect situations such as that in mid-Staffordshire to arise with any regularity. On the contrary, we believe that the process will be very, very exceptional. However, the criteria need to be set out on which each party that has to make decisions, such as the Secretary of State and Monitor, can do so. The speed at which decisions can be made and the various consultations involved will be allowed for in the process, because various organisations have an interest in the matter.

Dr. Tony Wright (Cannock Chase) (Lab): I should like to reinforce the point that has just been made about the need for decisive action if we have another catastrophe such as that in Staffordshire, which I hope we do not. The frustration in that case, knowing the enormity of what had happened, was the delay in doing anything about it, and particularly the inability quickly to put in a new chief executive and top staff to clean up the place. This machinery sounds rather elaborate; I want to know that it will enable the Department of Health and Ministers to get in and sort the thing out immediately.

Mr. Mike O'Brien: The important point is that the system will keep Monitor as the decision maker in the process. Monitor will still have the role of making a decision, but it will have to explain and justify in a public forum why it reached it. I understand from advice that Monitor is comfortable with the position that we have reached. It has gone through the process with us and considered the matter, and it can understand

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why we feel that in certain circumstances, when a serious case arises, Ministers need to be able to make a request to it. It will then make a decision whether to de-authorise, after which the trust will be in a position in which Ministers can take action quickly.

My hon. Friend will recall that what happened in the case of Mid Staffordshire, with reasonable speed, was that as soon as the report came out Monitor acted to put in place temporary managers. One problem, as he will recall, was that the chief executive, who by all accounts was a talented individual, was part-time and was also working elsewhere for another hospital. That was not satisfactory in the view of much of the public in Stafford, and various local MPs, including my hon. Friend the Member for Stafford (Mr. Kidney), made representations expressing the view that we needed to put in place new, full-time management, particularly a chief executive. Through discussions with Monitor, we were able to ensure that that happened. My hon. Friend the Member for Cannock Chase (Dr. Wright) will be aware of the detail of the process, so I do not need to outline it. If my hon. Friend is asking whether Ministers will be able to crash into the whole process, yank out a trust and say, "You are no longer a foundation trust, and as a Minister I am going to do this", the answer is no. Ministers will not have that power, but they will work through Monitor to see whether there is a way of ensuring that the best approach is taken.

Mr. Andrew Lansley (South Cambridgeshire) (Con): Will the Minister give way?

Mr. Mike O'Brien: I will give way briefly, but I am reaching a conclusion. If the hon. Gentleman insists that he wants me to give way, I shall do so.

5 pm

Mr. Lansley: The Minister will recall that the intervention by Monitor took place on the same day as the publication of the Healthcare Commission's report on Mid Staffordshire NHS Foundation Trust. The same thing happened in relation to Maidstone and Tunbridge Wells NHS Trust. Given that the Secretary of State, not Monitor, was responsible for the scrutiny and oversight of Maidstone and Tunbridge Wells NHS Trust, what action did the Department take that was different from the action that Monitor took on Stafford?

Mr. Mike O'Brien: Clearly, it was much easier for the Minister to take action directly with regard to Maidstone, which was not a foundation trust—to deal with the problem as soon as we had looked at the detail of the evidence that was presented. The Department took action on Maidstone.

Mr. Stephen O'Brien (Eddisbury) (Con): That is not the point.

Mr. Mike O'Brien: The hon. Gentleman can stand up and give his response rather than sitting chuntering from the Front Bench. If he wants to ask a question, I will happily give him an answer, but if he just wants to dismiss it and chunter, that is up to him. I am not sure that it is the best way of dealing with arguments, but there you go; it is the way he does it.

I shall now deal with new clause 11, which was tabled by the hon. Members for Eddisbury (Mr. O'Brien) and for Hemel Hempstead (Mike Penning). It seeks to ensure that when the Care Quality Commission undertakes an investigation or special review into a particular aspect of care pursuant to section 48 of the Health and Social Care Act 2008, relevant bodies are informed. In the case of an investigation or review of NHS services, that would mean informing the relevant primary care trust, strategic health authority and Monitor.

I understand the concerns behind the new clause and I am very sympathetic to its aim; in principle, there is no great difference between us. However, an amendment to that effect is not necessary because the intended purpose is already covered under formal agreements that the CQC has made with Monitor and the SHAs. There is a shared view about what should happen, but I am concerned about some of the drafting problems with new clause 11. I could go into those problems, although there is no great difference between us on what the hon. Member for Eddisbury wants to happen and the various levels of contact.

The CQC can carry out an investigation when it has evidence that suggests a serious problem, which may be putting patients at risk. Under the 2008 Act, it also has new, more powerful enforcement powers, which it will be able to use to tackle serious service failings, such as those in the Mid Staffordshire NHS Foundation Trust. The CQC always informs SHAs when an investigation is carried out. That is clearly set out in a memorandum of understanding that has been signed by the CQC and the SHAs. In almost all cases, the CQC would also question the relevant SHA and PCT as part of its investigation. It would therefore be well aware of what was going on.

The CQC also informs Monitor of an investigation involving NHS foundation trusts. Section 70 of the 2008 Act places a duty on the two regulators to work together. A legal duty therefore already exists. A memorandum of understanding between the two regulators states that, in carrying out their regulatory functions, the CQC and Monitor will inform each other as soon as reasonably possible of any matters that may require action or a response from the other. That includes notification in advance where that is appropriate. Therefore, in the case of investigations, the formal agreements that the CQC has in place with the SHAs and Monitor would provide for the notification that the amendment seeks to achieve. We know from experience that the CQC will also publicly announce any new investigation, and will involve all key stakeholders. I hope that that reassures the hon. Member for Eddisbury that we do not have a big difference in principle. We have already achieved what he and I would like through the agreements that have been made and the legal duty to co-operate in the 2008 Act, which is in place. I therefore do not believe that we need new clause 11.

Amendment 25 seeks to correct a minor drafting error in clause 18(8)(b), which lists orders that are not subject to any statutory procedure. The other orders made in connection with trust special administrators are not subject to any statutory procedure and an order made under subsection (5) of proposed new section 65L should also have been included in the list. That makes the drafting consistent with the Government's original intention, which was approved by the House of Lords Committee on Delegated Powers and Regulatory Reform.

Foundation trust status and its regulatory framework have brought significant benefits for patients. We want to continue and enhance those benefits, and to encourage more movement towards foundation trusts. However, the Government new clause and amendments will fill an important gap in the current regulations, to enable some of the issues that arose in the wake of the Mid Staffordshire debacle to be dealt with by Monitor and, in due course if necessary, by the Secretary of State. They also ensure that we can help to protect patients on the very rare occasions when a foundation trust fails its local population.

Mr. Stephen O'Brien: In addition to addressing Government new clause 12 and speaking to their amendments, I shall address new clause 11, which was tabled by my hon. Friend the Member for Hemel Hempstead (Mike Penning) and I.

Before I address the substantive points, I want to place on record how disappointed I am that the Government have seen fit to make this serious group of changes to the Bill at this very late stage. They are introducing three new areas to what is already a portmanteau Bill. There is little reason why the measures could not have been introduced in Committee. I am sure that the whole House, particularly Back Benchers, will be disappointed that the debates that they wished to have are being squeezed by the Government's last-minute legislating.

Government new clause 12 introduces five new sections to the four clause part of the National Health Service Act 2006 that deals with failing NHS foundation trusts, as we have just heard. The new sections give Monitor the power to give the Secretary of State a notice recommending de-authorisation on the following grounds:

"the health and safety of patients...the quality of the provision by the trust of goods and services...the financial position of the trust"

and

"the way it is being run".

The measures give the Secretary of State the power to de-authorise within five working days of such a notice being received, and the power to recommend to Monitor that it give a notice recommending de-authorisation. If Monitor does not give such a notice, the Secretary of State will have the power to ask it to provide a written report as to why not. The other measures are consequential amendments.

The reason for the changes, as was made clear in the Secretary of State's letter to the shadow Secretary of State, my hon. Friend the Member for South Cambridgeshire (Mr. Lansley), is the Government's somewhat less-than-adequate response to the tragic events at Mid Staffordshire. Indeed, that response was, in part, the result of the absence of a transparent failure regime, which was promised in 2003 but is still not forthcoming.

As it happens, as shadow Minister for the Potteries as well as a shadow Health Minister—Stafford is of key interest to all people in Staffordshire, and above all to everyone in Stafford—I have been closely involved with events since the damning report into the hospital, as have my hon. Friend and the Leader of the Opposition. We must remember that at the heart of the issue is the avoidable deaths of up to 1,200 people. Each of those deaths leaves family and friends with a heavy burden of grief, which is only intensified by the serious questions that need answering. Furthermore, the deaths can only be indicative that many hundreds more patients did not receive the treatment that they deserved and that they rightly expect in our NHS. Before going any further, therefore, we must take a moment to remember all those who have suffered and those who continue to suffer because of the failings at the Mid Staffordshire trust.

Although that need not be a party political matter, sadly there is a choice. The Government are unwilling to have the bright glare of a full public inquiry shine on that appalling scandal, and I pay tribute to my hon. Friends the Members for Stone (Mr. Cash) and for South Staffordshire (Sir Patrick Cormack) and to our party's candidate for Stafford, Jeremy Lefroy, who have campaigned hard for a public inquiry. The Conservatives supported such an inquiry and continue to do so, but the Labour party, including the hon. Member for Stafford (Mr. Kidney), who is now a Minister, opposed it. Jeremy Lefroy has worked hard, along with Cure the NHS, a coalition of deeply concerned people, to call the Government and local bodies to account.

Under existing legislation, the Secretary of State can by order transfer the property and liabilities of the trust back to himself, among other bodies, so there is already a process of de-authorisation. The Secretary of State's hubris lies in one sentence of his letter on the amendments, which states:

"Whilst we have a rigorous system of authorisation, we have no corresponding process to de-authorise."

Could this set of late amendments be a cloak to cover the embarrassment of the Secretary of State and Ministers? Is it, at best, window dressing or, at worst, an attempt to shut the stable door after the horse has bolted? To decide whether the new clause has any merit, we have to examine not only the effect, but the motives that lie behind it.

The simple fact is that the problems at Mid Staffordshire were not the result of a failure by Monitor or, in fairness, by the Secretary of State in his informal oversight of the trust. They were almost entirely due to existing problems in the trust that were ignored during the so-called "rigorous system of authorisation" and the flawed policies of the Government that put targets and bureaucracy before professionals and patient care. The Minister may have quoted the findings of the Colin-Thomé and Alberti reports, but, as has been shown in this Chamber and elsewhere, those reports are both flawed. Neither is independent of a civil service that has seen the chief executive of the Shropshire and Staffordshire strategic health authority become the chief executive of the NHS.

The subsequent chief executive of the West Midlands SHA, Cynthia Bower, has become the chief executive of the Care Quality Commission. She raised mortality rates only once in her routine briefings to the board, and only in relation to the Healthcare Commission's announcement of its intention to investigate Mid Staffordshire in March 2008. On that occasion, she stated that

"there appeared to be nothing to indicate that anything out of the ordinary was taking place on mortality".

Board minutes show that performance is consistently measured in terms of meeting Government targets on waiting times and finance, and that the chief executive officer's briefings invariably focused on the latest strategy from the Department of Health. Neither report interrogates the Government's target culture, explains why the National Patient Safety Agency failed to alert anyone at any level

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about the high mortality rates or addresses the impact of the cull of the independent—and thus trusted—community health councils in favour of the in-house NHS patient and public involvement forums. Nor do they scrutinise, beyond the warmest and most meaningless words, the ability of local involvement networks, or LINks, to combat such problems in future. We pressed that point, to no avail, in Committee.

Neither do the reports explore the fear culture that silenced nurses at the trust, which was almost the most unfathomable aspect of the episode for anyone who understands nurses. Neither report looked at the impact on the trust of trying to comply with the European working time directive nor examined the role that practice-based commissioning, a flagship Government policy, played in divorcing GPs from the secondary care that their patients were receiving.

Most worryingly, neither report explained why the trust got through the so-called rigorous authorisation process. The House will know that the Secretary of State alone can authorise a foundation trust. He takes advice from the applications committee, but he is not obliged to follow its advice. However, the Secretary of State's predecessor has not apologised for the decision in this case, or explained where the process went wrong.

There are other, potentially suspect, motives. The response to the consultation states that

"some concerns were raised about the use of a public confidence test when the Secretary of State is deciding whether to request interventions. Monitor does not believe the test is appropriate, feeling it risks dragging the Secretary of State into any situation with media interest. Others are concerned that this could risk intervention being based on media perception rather than evidence."

This is not the first time that we have seen the Government make public relations the prime motive for policy. Within this Bill, the regulatory impact assessment on trust special administrators lists in its summary that the first key non-monetised benefit is "maintaining public confidence", and suggests that a public perception that nothing was being done could be damaging to the organisation. The first considered monetised cost is, tellingly, "public perception/media handling".

Why is the new clause flawed?

Frank Dobson (Holborn and St. Pancras) (Lab): I see some merit in some of the points that the hon. Gentleman makes, but I do not understand why he seeks to exonerate Monitor from criticism. It was entirely concerned about finance, not about the standard of patient care.

Mr. Stephen O'Brien: I am grateful to the right hon. Gentleman for that, because my answer to his point enables me to say, first, that I am not aware of any evidence that Monitor was informed by the Care Quality Commission and, secondly, that our argument is that Monitor should be strengthened. That would have enabled it, had it been told, to take appropriate action. Despite the denial, in terms, in the Secretary of State's letter, our concern is that what may lie behind the new clause and the Government's amendments is a cooling-off of their enthusiasm for the foundation trust model and its independence. We therefore want to ensure that that is made clear, although I suspect that that might be more welcome to the right hon. Gentleman than to those on his Front Bench.

5.15 pm

Mr. William Cash (Stone) (Con): There has been a good deal of discussion about the Mid Staffordshire NHS Foundation Trust, although I do not intend to go down that route now. However, in the context of the points made about Monitor, does my hon. Friend accept that some of us believe—I have said this in a reply to a letter that I received from the Minister—that although there is a case in certain circumstances for the Secretary of State to put pressure on Monitor, there are also occasions on which he should completely override it and take the powers to himself to take the necessary action to disband a trust? That may not be what my hon. Friend wants me to say—I am not sure.

Mr. Stephen O'Brien: What my hon. Friend is seeking, from those on both sides of the House, as well as from all those who have any responsibility for ensuring that the architecture is robust enough to deal with the sort of problems that arose so tragically [redacted] nstituents, is that there should be an ability, wi[redacted]rmation and evidence, for early intervention and then immediate action, which would enable somebody to have the powers to get the thing under control before it is too late. That must ultimately be the lesson. The question therefore must be: what is the best architecture for achieving that? Towards the end of my contribution I will say why we have proposed our new clause 11, which may help my hon. Friend to understand why we have proposed what we have proposed.

Mr. Mike O'Brien: I want to be clear about the hon. Gentleman's answer to the hon. Member for Stone (Mr. Cash). Does he believe that if the situation was very serious, there should at some stage be the ability for de-authorisation, so that the Minister could intervene and take control in order to deal with the problems that had arisen?

Mr. Stephen O'Brien: We have been clear about the position, which is that if there is a serious failure, there must be the ability to make an early intervention. Broadly, in our view Monitor ought to be the body that can put in new management quickly and take the necessary powers, but under the Government's approach, Monitor has ultimately been a financial regulator rather than the overall regulator. That is why we have urged the Government to increase Monitor's powers, which would give it the retained independence.

Let me move on. The Government's proposal has compromised the independence of foundation trusts and given the Secretary of State more incentive to meddle in them and potentially to play politics with them and the NHS. As even the response to the consultation document admits, Monitor expressed concern that, as framed, the proposals in the document did not adequately reflect the principles of Monitor's independence or of transparency. In addition, foundation trusts disagreed or strongly disagreed with the proposal, arguing that the process of de-authorisation would be detrimental to patients, staff and visitors. Some FTs questioned what the removal of FT status would achieve, considering the existing mechanisms to turn around hospital performance.

As an aside, in the rushing through of the legislation, it has not been possible to see the responses to the consultation, only the Government's collation of them, which does not aid transparency. We have to ask: what have they left out? We are entitled to know.

We could ask why the Secretary of State is pushing what some have described as reactionary legislation. What is clear is that it does not appear to be about patient care. That is why the shadow Secretary of State said that there was a big question mark over wanting to bring everything back under the Department of Health, as though it might be any better than Monitor at doing something about such problems or anything else that might have been proposed, because the only direct parallel from which we can draw evidence of a similar situation is Maidstone and Tunbridge Wells NHS Trust. Despite what the Minister said, the Department did nothing when the trust came under its gaze. There is therefore a real absence of confidence that the Department stands any chance of being any better at dealing with the processes. The question therefore has to be how we strengthen Monitor and the other processes.

The impetus behind the new clause is clear from its wording, which includes phrases such as

"the regulator must consider these matters (among others)...the way it"—

the trust—"is being run" and

"the Secretary of State may request the regulator in writing to consider exercising its power to give a notice".

The new clause reads very much as though it has been written not by a lawyer, but by somebody who has PR concerns in mind. We need to be very careful about that.

Mr. Mike O'Brien: I have listened with great care to what the hon. Gentleman has said, but I am still not sure what the answer is to the question that the hon. Member for Stone and I have asked. Is there no circumstance in which de-authorisation should take place and the Minister should be able to intervene? If so, there would be a complete absence of parliamentary accountability even in the most extreme cases. Is that the hon. Gentleman's position?

Mr. Stephen O'Brien: I am very concerned that the Minister is framing his question on the premise that we can allow things to get as far as failure. If there is failure, there is already, as I have described, a de-authorisation process in place because there are already powers to distribute the assets and liabilities. The whole point is to bring about early intervention to prevent the circumstances at Maidstone and Tunbridge Wells and at Mid Staffordshire from arising and to ensure that we can put new management in quickly and early in the process, instead of having to wait until there has been a failure. At that point, all that one will be doing is looking at the past, rather than taking the early action that is required to address the problems. That is why my party has made an alternative proposal.

The problems that manifested themselves at Mid Staffordshire will be solved only by stripping distorting targets out of our NHS, bringing back a strong patient voice that can speak truth to power and strengthening commissioning at the local level. The Conservative party has pledged to do all that—indeed, we pledged two years ago to do so. By using the wrong sledgehammer to crack the wrong nut, the Secretary of State has shown that he does not have what it takes to do the right thing by our NHS, the professionals and patients in it, and the people of Stafford.

We therefore offer new clause 11. I was grateful to the Minister for saying that he broadly welcomed it, that he understood what lay behind it and that it was a fair attempt to ensure that we had in place something on which we could agree. It would ensure that Monitor and local commissioners and authorities had early notification of any special investigations that the Care Quality Commission was undertaking, including into foundation trusts, so that speedy action could be taken where necessary, and that includes replacing the management.

That is the first part of the answer. The Minister keeps trying to drive the idea that the Government have the only concept in town and that they have a full de-authorisation procedure, but they have not proved that they have a rigorous enough authorisation procedure—if they had, Mid Staffordshire would not have got through the process. Moreover, a de-authorisation process assumes that something has to have failed, but we propose that we should get in early enough to prevent things from going wrong in the first place.

The answer must be to strengthen Monitor, which has been one of the most effective regulators, not to divert power from it. However, the real problems would be very much helped by having something along the lines of the autonomy and accountability Bill that we have placed on the table and asked the Government to take up. We have offered it to the Government countless times, and with the Queen's Speech coming up, they will perhaps take this last opportunity to do the right thing. On that basis, I commend new clause 11, but my colleagues and I are not persuaded that the Government have made their case on new clause 12.

Sandra Gidley (Romsey) (LD): I will be fairly brief. To sum up, I have no problem with the general aim of the new clause, but I have some regrets about the lack of time to look at it properly to check whether it does what it says on the tin. However, I appreciate that the timing of the consultation meant that it was not possible to introduce anything any earlier.

Some of the criteria appear to have been plucked out of the air and the Secretary of State appears to have some wide-ranging powers to hire and fire, but I am not clear whether those are different from the powers currently in place. There is also the question of whether 14 days is the optimum length of time for Monitor or any alternative regulator to provide sufficient good-quality information.

The consultation originally proposed seven calendar days. As the hon. Member for Eddisbury (Mr. O'Brien) pointed out, we have seen only the edited highlights of the consultation, but the document itself said that the majority of respondents favoured a longer time. There is some flexibility, as the Minister acknowledged that the time scale could be extended, but according to the consultation document a number of people suggested having a short period for the initial response and a longer back-up period if more detail were required. The actual length of time is not specified, so the concern is that this must be got right—otherwise, there will be a tendency to keep kicking the issues into the long grass. I would like an assurance that that cannot happen.

The main gap that is still to be plugged has been mentioned. Tempting as it is to kick around the Staffordshire football again, we have a great deal of business to get through, so let me make just one point here. Mid Staffordshire was given foundation trust status, so there is either something wrong with the process that awarded that status, given what we know was going on in the background, or something wrong with Monitor.

Mr. Cash: The hon. Lady was on the Committee that looked at the Mid Staffordshire issues in one, albeit too short, sitting. Does she recall that Mr. Bill Moyes took part in the final meeting when trust status was being conferred? Forty-nine questions were put at the meeting, and I think I am right in saying that 38 of his own criteria, laid down as chairman of the meeting, were on finance and governance and not about patient care. That is the key problem. The hon. Lady is right on her first point.

Sandra Gidley: I thank the hon. Gentleman for that intervention, which relates to my next point. The process of awarding foundation trust status or the old three-star ratings seems to be based on financial information. I never thought that I would regard my hon. Friend the Member for Oxford, West and Abingdon (Dr. Harris) as a soothsayer, but I did when I looked back at what was said when we debated the Bill that created foundation trusts. My hon. Friend asked the then Minister, the right hon. Member for Barrow and Furness (Mr. Hutton):

"What does the Secretary of State do when a hospital with a three-star or two-star rating is subject to a scandal"?—[*Official Report*, 7 May 2003; Vol. 404, c. 730.]

Unfortunately, the Minister was very unhelpful in his summing up and he seemed to think that my hon. Friend was speaking complete rubbish. It is easy to dismiss remarks, buy my hon. Friend was obviously making very prescient comments.

It has been clear throughout—the current Secretary of State for Health was, I think, on the Health Committee at the time—that the three-star trusts usually gain that status because of financial issues. If finance is put alongside quality ratings, there is often a mismatch. I agree entirely with all those who have said in today's short debate that quality is being sacrificed at the altar of financial probity. We cannot separate the two, because quality is something that should not be allowed to drop under any circumstances. My original question about whether the process or Monitor were at fault remains pertinent, as there has clearly been a lack of liaison and a lack of attention to aspects other than financial ones.

The Liberal Democrats will not oppose new clause 12. Although there is some regret about the fact that it has appeared so late in the day, I think that ultimately it is a good thing. It will allow more transparency and make decision making more accountable, and that can only be good.

5.30 pm

Sir Patrick Cormack: The hon. Member for Cannock Chase (Dr. Wright) is having to chair a meeting of a Committee of the House, which is why he is not present now. He did intervene briefly earlier.

I must make it plain that since 1997, fewer of my constituents have gone to Mid Staffordshire hospital than before. Before the new Stafford constituency was created in 1997, when I represented the whole of South Staffordshire, a very large number of my constituents received excellent treatment in the hospital as it was then. I echo what was said earlier by my right hon. Friend the Member for West Derbyshire (Mr. McLoughlin), our Chief Whip, who cited the excellent treatment received by his late mother before she died in that hospital.

The hon. Member for Stafford (Mr. Kidney)—I am delighted to see him on the Front Bench—my hon. Friend the Member for Stone (Mr. Cash) and the hon. Member for Cannock Chase now have far more constituents treated at Mid Staffordshire than I do, but I have nevertheless heard a number of very distressing stories. What happened at Mid Staffordshire was deplorable and inexcusable. All that concerns me in the context of this brief debate—and I will be brief—is that it must not happen again, but if by any unfortunate chance it does, there must be a mechanism to deal with the situation expeditiously.

Mid Staffordshire should never have become a foundation trust, and after it became one, it was judged according to the wrong criteria. We were taken by surprise when it was revealed just how dreadful some of the treatments had been, how shoddily managed the place had been, and what a disgrace to the national health service it was. That should not happen in a civilised country.

I am grateful to the Minister of State and the Secretary of State—as well as their predecessors—for the readiness with which they have discussed these matters with Staffordshire Members. I am grateful, too, for the keen and real interest that they have taken in these matters. I do not doubt for a moment that in presenting the House with the new clause, they are trying to ensure that a terrible disaster like the one at Mid Staffordshire does not happen again.

As I said briefly to the Minister in an intervention, what worries me is that the process that is being proposed is extremely cumbersome, and I doubt whether it can produce the sort of expeditious result that my hon. Friend the Member for Stone and I both want. I would much prefer—my hon. Friend made the same point in his intervention—a quick mechanism allowing the Secretary of State, with whom the buck always stops, to intervene very quickly. When something like the Mid Staffordshire disaster comes to light, there should be no opportunity for long discussions and debates about who does what and all the rest of it. There should be an instant opportunity for dismissal, and for taking over management before anyone else dies or is treated in the inhuman way in which, sadly, so many patients were treated at Mid Staffordshire.

When some time ago the Minister discussed with us—and the Secretary of State—his wish to introduce a mechanism to take away trust status, all of us around the table responded very positively. However, I am not entirely persuaded that the mechanism that he is proposing now will be as effective and expeditious as I would like it to be. Like him, I sincerely hope that what happened at Mid Staffordshire will never happen anywhere else, but human beings are fallible, and it could happen. If it did, I would want a lightning reaction; I would want the culprits to be got rid of, because at the end of the day all that matters is the quality of care that our constituents, wherever they live, receive in the hospital to which they have had to be taken. The tragedy of Mid Staffordshire is that the people who placed their trust in the medical care of that institution were in many cases terribly let down—not in every case, but in many, many cases. That must not happen again. One reason why people did not have too many fears was the fact that this institution bore the flagship label of a foundation trust, and yet never was any flagship holed below the waterline more often.

I just hope that the Minister can reassure me; and because this should never be a party political matter, I would like him to enter into conversations with the shadow Secretary of State and other colleagues on my party's Front Bench to see if we can come up, even at this very late stage, with a solution that is acceptable to all of us, and one that can persuade all of us that there is indeed a remedy if disaster strikes again.

Mr. Cash: I very much agree with what my hon. Friend the Member for South Staffordshire (Sir Patrick Cormack) has just said, and I am very glad that he agreed with some of what I said in an earlier intervention. I also agree with my hon. Friend the Member for Eddisbury (Mr. O'Brien) that we want effective early intervention; I think we are all agreed on that.

I am also very happy to pay tribute to the Minister and the Secretary of State for the manner in which they have looked at this issue in Mid Staffordshire with both some of my colleagues from Staffordshire and me personally on a number of occasions. If I may say so without implying any disrespect, they have dealt with this matter far better than their predecessors; that is my frank opinion

This is a huge issue, and it is about lessons to be learned as well as what actually happened. As I said in my intervention on the hon. Member for Romsey (Sandra Gidley), I am sorry that the Select Committee gave only one sitting to these major issues—although we do now have the Francis committee. As my hon. Friend the Member for South Staffordshire said, the real problem arose in the granting of trust status in the first place, and, as I pointed out in my intervention, that was largely because the chairman of Monitor was present at that meeting and gave clear criteria. I have seen the minutes, and I have handed them over to the Minister—not that he needs me to hand them over to him—because it was astonishing that the Monitor chairman laid down criteria for finance and governance, and that was followed up by a number of questions that showed that that was the primary concern. The consequence was the Healthcare Commission report, and now what the Care Quality Commission is saying as well.

I want the current inquiry under Mr. Robert Francis to be as successful as possible, but both the Secretary of State and the Minister know that I have grave reservations about whether it can achieve its objectives. I still profoundly believe—I am glad that my hon. Friend the shadow Secretary of State is present because we both know this, as does my hon. Friend the Member for Eddisbury—that it is essential that we have a full public inquiry if the consequences of this latest inquiry under Mr. Robert Francis do not work out. This all started with a failure of Monitor, and we must have a full public inquiry if the results of this inquiry are not successful.

I must tell hon. Members that only last week I received yet another letter from a constituent—I have passed it on—about a grandfather who died in the most appalling circumstances, and that demonstrates that things are not going as well as they should in this hospital. The Secretary of State may not recall the letter immediately, but it is with him. I am profoundly concerned about merely leaving these issues to Monitor. As my hon. Friend the Member for South Staffordshire said, this is very convoluted stuff; I have no doubt that many lawyers have sat down to plough through the relative powers and functions of Monitor and the Secretary of State, and are seeking a way to get the right result, by nudging rather than by pushing or, indeed, by having things taken over. This situation would have been a lot more straightforward if we had been given a straight answer to the straight question that I have put so often: why cannot the Secretary of State take for himself powers—like special measures in schools—to override everybody in the interests of the health of our constituents?

Mr. Lansley: I share my hon. Friend's view that restoring public confidence—on the face of it, that is the Government's intention—can now be done in Staffordshire only on the basis of an independent and public inquiry. We are committed to that. However, he must recall that the problems—the quality issues—at Stafford hospital started not with foundation status, but before that. They had started over a considerable period of time when the trust was an NHS trust under the scrutiny of the strategic health authority and the Department of Health, directly under the scrutiny of the Secretary of State. As the events at Maidstone and Tunbridge Wells told us, the Secretary of State's direct line of sight to hospitals does not mean that the Secretary of State knows what is going on and is doing anything about it; we have seen too many instances of that.

Mr. Cash: I hear with great interest and respect what my hon. Friend says, but I must mention that in this particular case there is a connection involving Mr. David Nicholson, who was the chairman of Shropshire and Staffordshire strategic health authority at the time that is being described. Subsequent appointments followed and he moved seamlessly up through the ranks to become the chief executive of the national health service. I shall not go into some of the more recent commentary that I have seen in the newspapers, but I must repeat a point that I have made on the Floor of the House and in other contexts: the problems do go back, but the real issue is that there is insufficient power for an override. Although Monitor and a degree of regulation can be in place, swift and last resort action can best be undertaken by the Secretary of State.

I am passionate about this subject and deeply concerned about the effect it has had on my constituency. I shall bring my remarks to a close simply by saying that a lot of the problems that arise—we will see how the Francis report goes—relate to gagging clauses. This week, I have been in communication with a number of people, and I must say that gagging clauses on those who want to blow the whistle should be banned. The trouble with the Act that enables whistleblowing to take place—the Public Interest Disclosure Act 1998—is that it is not working. Gagging clauses should be banned by law; they should be made unlawful. It would be extremely helpful if the Minister could refer to that matter, because many of the problems that have accumulated result from people not coming forward. However, in the last resort the Secretary of State has to carry the can.

Mr. Ian McCartney (Makerfield) (Lab): On the last point that the hon. Gentleman made, I should mention that I was the Minister responsible for the passing of the disclosure Bill; the hon. Member for South Staffordshire (Sir Patrick Cormack) was also involved, having many years ago promoted it. We secured an amendment—a change has now been made. It instructs chairmen of

[Mr. Ian McCartney]

tribunals, even where there is a gagging clause or someone withdraws the complaint, that the matter has to be submitted to the regulator. I suggest that the hon. Member for Stone (Mr. Cash) contacts the relevant Minister of State at the Department for Business, Innovation and Skills to ensure that that is being applied. The reason for the provision was to try to prevent people from using gagging clauses or other mechanisms to prevent this type of information from coming out via the tribunal system.

5.45 pm

Mr. Cash: I am extremely grateful for that intervention and I hear what the right hon. Gentleman says with great interest. I had heard of that, but great ingenuity is being used by certain trusts—not just Mid Staffordshire but other trusts of which I am aware—that are using their lawyers and their medical establishment effectively to bypass and shut out consultants—in some cases, as many as 20-odd. I am concerned about that. It is no good having good intentions in an Act if the provisions can be bypassed in the way that they are being bypassed at the moment. I would have thought that it was Monitor's job, and that of the Secretary of State, to deal with that. Will the Minister please take note and get rid of these gagging orders, ensuring that there is no way that the gagging clauses can be used to bypass whistleblowers?

Mr. Mike O'Brien: May I begin by responding to the three hon. Gentlemen who represent Staffordshire seats—in particular, I acknowledge the Under-Secretary of State for Energy and Climate Change, my hon. Friend the Member for Stafford (Mr. Kidney), who has been present during this debate? The contributions that we have had from Staffordshire Members have been excellent and have reflected the enormous local concern about Mid Staffordshire. I appreciate and am grateful for the kind comments of several Opposition Members about the way in which the Secretary of State and I have dealt with these matters.

We need to ensure that the deplorable and inexcusable situation, as it was described by the hon. Member for South Staffordshire (Sir Patrick Cormack), does not arise again. We need to ensure that the Care Quality Commission, which is an organisation that has recently been set up, has the power to look at trusts. We also need to ensure that Monitor is much more aware than it has been in the past of the problems that might arise with regard to various foundation trusts and that we have a process that will enable Monitor to de-authorise.

The hon. Member for South Staffordshire asked whether the process was fast enough. The time scale is 14 days. A number of parties are involved and we think that it is right that they should be able to express a view and that an investigation should be conducted. The process looks more cumbersome in legislation than it would be in practice. Our aim is that this should be a fairly brisk process and that everyone should know publicly what the time scale is. The Secretary of State should publicly make a request and there should publicly be a response within 14 days. There is potential to extend that time frame if necessary and if investigations need to be conducted for a longer period. I hope that I can reassure the hon. Gentleman that we recognise the need for expedition and would seek to ensure that we can deal with matters as quickly as is reasonably possible.

The hon. Members for Stone (Mr. Cash) and for South Staffordshire both want the Secretary of State to be able to intervene much faster. There seems to be a difference in opinion from those on their Front Bench. I can detect no wish from their Front Benchers for the Secretary of State to take the powers to intervene. The Front-Bench view seems to be that this should be dealt with by Monitor. That seems to me to be a difficult position for them to take, because the amendments give Monitor the power to de-authorise.

I was struck during the speech made by the hon. Member for Eddisbury (Mr. O'Brien) by the fact that he seemed to think that the insolvency regime—an entirely different regime that has nothing to do with problems such as those that we faced with Mid Staffordshire—somehow already provides powers. It does not. It does not provide powers to intervene. As Ministers, we were not able to intervene. Monitor was. It has extensive powers but the problem was that in this case there was an issue with the way that it was dealt with. Public confidence was not restored by bringing in a full-time chief executive quickly—

Mr. Stephen O'Brien: Why did not somebody ask Monitor to deal with it?

Mr. Mike O'Brien: I hear rumbles from a sedentary position as the hon. Gentleman asks why no one asked Monitor to do it. There were considerable discussions between us and Monitor, which led to the appointment of the new full-time chief executive. Those discussions went very well. Monitor listened to the points of view that were expressed through Government and Opposition Back Benchers who represent the area, and who said, "Look, we need more action." At that stage, Monitor thought that it was all right, but it accepted after discussion that it needed to act more effectively, and I am pleased that it could do so.

May I deal with the points made by the hon. Member for Romsey (Sandra Gidley)? Lessons need to be learned, and she rightly suggested that in future Monitor needs to assess problems properly if there is a foundation trust application. She wondered, too, whether 14 days was the right period. If we have discussions with Monitor, we can extend that period if a longer investigation needs to be conducted, so I hope that I can reassure her on that matter. She rightly expressed concern about the timing of some of this, but the long vacation intervened and various other processes meant that we had to act and we were able to undertake a full, proper consultation.

May I respond to the points made by the hon. Member for Eddisbury (Mr. O'Brien)? First, George Alberti and Dr. David Colin-Thomé conducted investigations and there are reports on this. Robert Francis is producing a report, which we hope will enable us to look at the more local issues. We need a rigorous process, and with the various reports that have been produced, we have covered it. The hon. Member Eddisbury appears to have no real wish for the Minister to be able to intervene, even in the most dramatic circumstances, which is not a tenable position for those on the Opposition Front-Bench to take. It is very much at odds with that taken by the Staffordshire MPs, who want to see a circumstance, at least in extremis, in which Ministers can intervene and take action.

I am concerned about the position that the Conservative Front-Bench team have managed to take, which is at odds with the way in which most people would want cases such as the situation in Mid Staffordshire to be dealt with. It undermines, too, in an extreme situation the whole principle of parliamentary accountability. Ministers must be able to come to the Dispatch Box and say that they would take the required action if they needed to do so. Monitor can make a decision in such cases to de-authorise where necessary. To refuse Monitor that power would mean that Members of Parliament would not have the level of accountability that they needed, but that seems to be the position that the Conservatives—at least, their Front-Bench team—have taken. I am glad to see the Staffordshire Members in the Chamber, because Members from all parties share the view that we need a much more effective legal system in place to deal with such situations in future.

Question put, That the clause be read a Second time.

The House divided: Ayes 342, Noes 160.

Division No. 209] **[5.53 pm**

AYES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, Danny
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Baker, Norman
Balls, rh Ed
Banks, Gordon
Barrett, John
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Brake, Tom
Brennan, Kevin
Brooke, Annette
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Browne, Mr. Jeremy
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Burstow, Mr. Paul
Butler, Ms Dawn
Byrne, rh Mr. Liam
Cable, Dr. Vincent
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, rh Sir Menzies
Campbell, Mr. Ronnie
Carmichael, Mr. Alistair
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Cleyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Davey, Mr. Edward
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Featherstone, Lynne
Field, rh Mr. Frank
Fiello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Don
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gardiner, Barry
Gerrard, Mr. Neil
Gidley, Sandra
Gilroy, Linda
Godsiff, Mr. Roger
Goldsworthy, Julia
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hamilton, Mr. David
Hancock, Mr. Mike
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Harvey, Nick
Havard, Mr. Dai
Healey, rh John
Heath, Mr. David
Hemming, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Holmes, Paul
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, David
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Huhne, Chris
Humble, Mrs. Joan
Hunter, Mark
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Mr. Charles
Kennedy, rh Jane
Khan, rh Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kramer, Susan
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lamb, Norman
Lammy, rh Mr. David
Laws, Mr. David
Laxton, Mr. Bob
Leech, Mr. John
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Llwyd, Mr. Elfyn
Love, Mr. Andrew
Mackinlay, Andrew
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McFadden, rh Mr. Pat
McFall, rh John
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Merron, Gillian
Michael, rh Alun
Miliband, rh David
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica

Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, rh Mr. Mike
Oaten, Mr. Mark
Olner, Mr. Bill
Öpik, Lembit
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Pelling, Mr. Andrew
Plaskitt, Mr. James
Prentice, Mr. Gordon
Prescott, rh Mr. John
Price, Adam
Primarolo, rh Dawn
Prosser, Gwyn
Pugh, Dr. John
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, Mr. Alan
Rennie, Willie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Rowen, Paul
Roy, Lindsay
Ruane, Chris
Russell, Bob
Russell, Christine
Ryan, rh Joan
Sanders, Mr. Adrian
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, rh Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, Sir Robert
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Speller, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Straw, rh Mr. Jack
Stringer, Graham
Stunell, Andrew
Sutcliffe, Mr. Gerry
Swinson, Jo
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Dr. Richard
Teather, Sarah
Thomas, Mr. Gareth
Thornberry, Emily
Thurso, John
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Webb, Steve
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek
Younger-Ross, Richard

Tellers for the Ayes:
Mr. John Heppell and
Mr. Dave Watts

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baldry, Tony
Barker, Gregory
Bellingham, Mr. Henry
Benyon, Mr. Richard
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Bottomley, Peter
Brady, Mr. Graham
Brazier, Mr. Julian
Brokenshire, James
Browning, Angela
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Butterfill, Sir John
Carswell, Mr. Douglas
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David
Djanogly, Mr. Jonathan
Dorries, Nadine
Duncan, Alan
Ellwood, Mr. Tobias
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Field, Mr. Mark
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Gauke, Mr. David
Gibb, Mr. Nick
Gillan, Mrs. Cheryl
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Hayes, Mr. John
Heald, Mr. Oliver
Heathcoat-Amory, rh Mr. David
Hendry, Charles
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Holloway, Mr. Adam
Howard, rh Mr. Michael
Howell, John
Hunt, Mr. Jeremy
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lansley, Mr. Andrew
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Luff, Peter
Maclean, rh David
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McCrea, Dr. William
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Morrison, Dr. Andrew
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Penning, Mike
Penrose, John
Prisk, Mr. Mark
Pritchard, Mark
Randall, Mr. John
Redwood, rh Mr. John
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Rosindell, Andrew
Ruffley, Mr. David
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Simmonds, Mark
Simpson, Mr. Keith
Smith, Chloe
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spring, Mr. Richard
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Taylor, Mr. Ian
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas

Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George

Tellers for the Noes:
Mr. John Baron and
Mr. Philip Dunne

Question accordingly agreed to.

New clause 12 read a Second time, and added to the Bill.

New Clause 13

PRIVATE PATIENT INCOME OF MENTAL HEALTH FOUNDATION TRUSTS

"(1) Section 44 of the National Health Service Act 2006 (c. 41) (private health care) is amended as follows.

(2) In subsection (2)—

(a) after "not greater than" insert "— (a)";

(b) at the end insert ", or

(b) in the case of a mental health foundation trust designated under subsection (2A), that proportion or 1.5% if greater."

(3) After subsection (2) insert—

"(2A) An authorisation of an NHS foundation trust which was an NHS trust must designate it as a mental health foundation trust for the purposes of this section if it appears to the regulator that it provides goods or services only or mainly for the prevention, diagnosis or treatment of any disorder or disability of the mind or for the benefit in any other way of people suffering from a disorder or disability of the mind."—*(Mr. Mike O'Brien.)*

Brought up, and read the First time.

Mr. Mike O'Brien: I beg to move, That the clause be read a Second time.

Mr. Deputy Speaker (Sir Michael Lord): With this it will be convenient to discuss new clause 10—*Private health care*—

"(1) The National Health Service Act 2006 (c. 41) is amended as follows.

(2) In section 44 (private health care), after subsection (4) insert—

"(4A) The Secretary of State may by regulations make provision for exceptions to be permitted to the restriction mentioned in subsection (2) subject to the principle that any such exception must in all the circumstances be in the interests of the National Health Service.

(4B) The regulations may specify such other principles and conditions as the Secretary of State may consider appropriate.'".

Mr. Mike O'Brien: I now get to move new clause 13—

Mike Penning (Hemel Hempstead) (Con): The Minister has said that before.

Mr. Mike O'Brien: Somewhere or other, hon. Members may well have heard me do so, as the hon. Gentleman says from a sedentary position.

The aim of the new clause is to enable a designated mental health NHS foundation trust to earn up to 1.5 per cent. of its total income from income that it derives from private charges. The clause also contains a definition of mental health foundation trust for this purpose.

In the course of the Bill's passage through the House, we have had several debates on the private patient cap. That debate was, I understand, reflected in the other place, too. The Government recognise the various concerns that have been set out, both here and in the other place, about the issue. We understand some of the frustrations that have been expressed. However, securing a consensus on an alternative approach is not easy. People have differing views about the private patient cap. Some say that there should not be one, some say it should be at zero, and there are a variety of views in between. We take the view that the way the system operates now is not the way we want to see it operate. It is not fair. We concede that argument immediately.

There is a strong case for reform, but let me be clear: the Government are committed to maintaining and strengthening the protection of NHS services for NHS patients first, while allowing NHS foundation trusts a degree of flexibility to operate effectively in the best interests of patients and communities, and in the context of evolving health policies. The Government are committed also to a full review of the patient cap—based upon those principles. We want to ensure that any private money that goes into the health service is directed in the best interests of the patients and the NHS as a whole.

Evidently, reforming the rules so that they are fair, logical and work well is far from straightforward, and opinion about how the cap should be reformed is, as I have said, very divided. Any new approach should therefore be developed in partnership with the NHS and other key stakeholders to ensure that it is pragmatic, workable and achieves our fundamental purpose without any unintended consequences.

The Government are already committed to a full review of the cap, following the conclusion of the judicial review of the current legislation. However, I can confirm today that we will bring forward that review process to start as soon as possible, within a month. It will begin with a call to the NHS and other key stakeholders for evidence to inform the review, and it will seek feedback by January. To review the policy effectively, we will approach our stakeholders throughout the NHS—the people who operate by the current rules and who would put any future new arrangement into practice. Our aim, therefore, is to undertake a very fast review, to give people the opportunity to put in their various submissions and to look to come to a conclusion early in the new year. We expect that the policy review will begin in the new year and report to Ministers in the spring. By having a meaningful and considered review, the Government will be able to undertake a consultation on options for the best and most appropriate solution that we can act upon at the earliest available opportunity.

Some Members of this House and of the other place will be keen to see action sooner, and I understand that view. We are committed to reforming the rules, but equally we cannot risk a repeat of the situation with the existing legislation, whereby we introduce new legislation without, first, a proper and full engagement with the NHS as a whole.

After various discussions on a previous occasion, a compromise was reached. At the time it looked like a relatively fair compromise, and perhaps it was, at the time, but it subsequently developed a number of anomalies that spread, and now the compromise is not working in a way that anyone would regard as entirely satisfactory.

Our debates here and in the other place have highlighted a specific and immediate concern, however, for mental health NHS foundation trusts—all of which for historical reasons have a 0 per cent. cap. They have no ability to

[Mr. Mike O'Brien]

access any private income at all, and they have no flexibility to earn private income and thereby support their NHS service users.

6.15 pm

We have received representations about how 0 per cent. caps constrain the ability of trusts to develop a broader range of innovative services and to support key facets of Government policy on health and well-being—for example, by providing specialist help for back-to-work schemes or employees at risk of mental ill health. Some mental health foundation trusts might want to work with private services that aid employees in private sector organisations, or help people who want to get back to work. Such a trust is currently able to provide assistance and medical advice, but not to accept any remuneration for doing so. That work could, however, be in the interests of its recipients and in the long-term interests of the NHS, because it could help with some of the mental health problems in society as a whole. If we allow some private income to be earned, we may be able to find ways for mental health trusts to do much more with the private sector. The current situation denies trusts the opportunity to enhance care to their NHS service users, and that concerns us.

The measure is therefore an attempt not to move the private sector artificially into the NHS, but to ensure that the NHS is able to earn private income to provide services to parts of the private and voluntary sectors, to work with other Departments and to ensure that we work with those private sector organisations with which other Departments work. The situation was not anticipated when the Health and Social Care (Community Health and Standards) Act 2003 was put in place, but, pending the review of the cap for all NHS foundation trusts, the new clause will establish an interim solution. If we enable a cap of 1.5 per cent. for those trusts, high-performing providers of NHS mental health provision will have room to innovate and to support the development of further high-quality services for the NHS.

I stress that today's proposal is an interim measure. Our review of the cap will seek to address the wide variation in cap levels that exists between NHS foundation trusts, and to establish a uniform test or set of principles that can apply equally to all NHS foundation trusts. Let me be clear: today's new clause applies only to mental health foundation trusts and those that become such trusts in the interim. As part of a wider review, we will look more broadly at the way in which the whole foundation trust area would operate, the range of private caps and how they ought to be reformed to bring about a much fairer situation.

We agree that private patient activity should be used to improve the service for NHS patients; that private income should subsidise NHS care and, therefore, be used to improve and widen services; and that NHS foundation trusts must above all preserve and promote the values of the NHS. Our review will consider those points. In other words, private patient income should be deployed for the benefit of the NHS and NHS patients. Our aim is not that the measure be a way for NHS hospitals just to earn some private income; there will have to be a purpose, and that will have to be taken into consideration. Our review will in part consider how that has developed.

New clause 10, which was tabled by the hon. Members for Eddisbury (Mr. O'Brien) and for Hemel Hempstead (Mike Penning), would introduce a clause that was added in the other place but removed in Committee. We removed the clause because we believed that it offered the wrong solution, even though it was seen as an interim measure. Allowing exceptions only introduces further uncertainty for the NHS and will simply lead to more claims of unfairness. As I recently said, if such exemptions were allowed there would be many debates. We must try to avoid setting up a system in which we create even more unfairness.

Our view is that the Conservative proposals would lead to greater unfairness. An exemption-based proposal would not remove the cap's underlying rule for the vast majority of NHS foundation trusts—that their private income should be restricted to levels set in 2002-03. A level playing field would not be fundamentally achieved at all; it seems to me that we would just produce greater unfairness and concern.

Any regulations created using the powers in new clause 10 are likely to provide only for a simple exemption from the cap. If the new clause were accepted, some trusts would, apparently, get an exemption from the cap. How far would they raise their private patient income? That, it would appear, would be entirely for them. I am not sure that Conservative Front Benchers are proposing such a measure, but perhaps they are—it is not clear from their new clause what they are proposing. I look forward to the contribution from the hon. Member for Eddisbury setting out what they are in fact proposing.

If the cap were entirely removed from some trusts, they would have no obligation to deploy their money for the benefit of the NHS or NHS patients, and the deployment of NHS resources to bring in private sector money could not be monitored or overseen—the Opposition new clause would, apparently, not allow that to happen at all. However, the Government's proposals for a policy review would, I hope, pave the way for a long-lasting legislative change in the future. The Government's new clause offers a pragmatic solution to the immediate concerns highlighted by hon. Members and those in the other place regarding NHS mental health foundation trusts, in respect of which we accept that there is an issue that needs to be dealt with now.

It is very unlikely that most mental health trusts could breach the cap, even if they tried, within the next year or 18 months; raising such income would require a very significant effort. New clause 13 gives those trusts the freedom they need. They can engage with the private sector when that is in patients' interests, and they can ensure that they deploy effectively the resources they earn from that. Combined with the Government's commitment to bringing about a review of the cap as soon as possible, the new clause provides a clear way forward on addressing the practical difficulties of the cap while maintaining its core principles.

Mr. Stephen O'Brien: New clause 13 is a welcome concession resulting from pressure put on the Government, not least by the official Opposition in both Houses. However, it does not go far enough. It amends the National Health Service Act 2006 to allow mental health trusts to get 1.5 per cent. of their income from private care. It leaves all other foundation trusts with the proportion from the base year. As the Minister said, new clause 10

is our reintroduction of the original amendment from the other place; it would allow the Secretary of State, by regulation, to allow foundation trusts an exception to the restriction on private income outlined in the 2006 Act.

With the lead from the very top, in the form of my right hon. Friend the Member for Witney (Mr. Cameron), we on the Conservative Benches are committed to our NHS as a high-quality service, free at the point of need and open to all. The public have seen and can see our commitment. I am grateful for new clause 13 because it shows that the Government recognise that private income for NHS foundation trusts does not undermine the principles of our NHS. The Minister made that point himself.

The history of the cap was best summed up by the former Labour Minister, Lord Warner, who said in another place that it was "anachronistic" and

"sops to parts of the Labour party".

It was introduced as a concession to get foundation trusts past the Government's reactionary Back Benchers; Lord Warner said explicitly that he repented his sins over that issue.

Limiting foundation trusts arbitrarily to the proportion of private-to-public income that they received in the base year is inequitable. The base year was 2002-03, the year before the first foundation trusts were authorised. For some foundation trusts, the limitation means 30 per cent., and for others, 5 per cent.; until now, it has meant 0 per cent. for mental health trusts. Worst of all, the limitation prevents many specialist hospitals, such as Great Ormond Street, from becoming foundation trusts.

As Labour Members know, private income for NHS foundation trusts is not about rewarding shareholders, partners or staff, but about generating income that can benefit the patients—the vast majority of them NHS patients—of the hospitals. Labour Members might not take my word for it, but this is what their own former Minister, Lord Warner, said about private income:

"it is potentially a source of income for trusts that they can use for the benefit of NHS patients"—[*Official Report, House of Lords*, 6 May 2009; Vol. 710, c. 656.]

On Third Reading, he went on:

"We are moving into a financial climate where the NHS...will need every penny that it can get to meet public expectations"—[*Official Report, House of Lords*, 12 May 2009; Vol. 710, c. 936.]

The limitation also impacts adversely on UK plc, hampering our provision of health care to non-UK residents, and on our research base, which is dependent on funding.

Mr. Mike O'Brien: The hon. Gentleman appears to endorse Lord Warner's position that the money derived from private patient income should be deployed in the interests of the NHS and NHS patients. Does he in fact endorse it?

Mr. Stephen O'Brien: That is the whole point of involving private income. As the Minister would be the first to admit, to some degree the issue is a matter for the foundation trusts. As he knows, under the current arrangements for private patient income, those who are not necessarily NHS patients are being treated in NHS facilities. The answer is not as black and white as the Minister might wish it to be, but I have given the right answer even according to his Government's policies. I have simply recycled for the right hon. and learned Gentleman what is going on under his policies.

Frank Dobson: I am one of the reactionary elements in the Labour party who opposed the measure—and I am proud of it. Does the hon. Gentleman not agree that the only justification for private income in these circumstances is if it is net private income, and if treating such patients costs the national health service less than the income that it receives? Is it not true that for many years under a previous Tory Government, treating private patients was a net loss to the national health service?

Mr. Stephen O'Brien: I suspect that the right hon. Gentleman is drawing on questionable figures—and, possibly, prejudice. I do not have anything immediately to hand that would enable me to counter him. His first point is, effectively, correct: it would only make sense for the governing body of a foundation trust to make sure that the organisation made a net gain. That would be the incentive in any event.

Private income can also be used to make new services viable. A foundation trust might want to open what would need to be a 20-bed maternity unit, but public demand might, for example, fill only 15 beds while private demand might fill five. With the cap in place, that foundation trust could not set up the unit. The trust might want to build a new hospital, offer laser dermatology or provide another technology such as new cancer care services, but with the cap in place, it could not. The trust might also want to buy out private providers—that should get a cheer from Labour Members. However, with the cap in place, it could not.

The real question, which should be in the minds of Labour Members and of the whole House, is what proportion of a foundation hospital's income may be from private work before NHS patient care begins to suffer. That is the question posed by the self-declared reactionary, the right hon. Member for Holborn and St. Pancras (Frank Dobson). When the issue is put in those terms, it is clear that no one here can answer the question precisely; in many ways, the question is a false correlative. There is no absolute point at which NHS patient care suffers. The suitable balance of public and private work clearly varies from hospital to hospital, which is why taking the base year is arbitrary and unjustified. Furthermore, there is a raft of other ways in which foundation trusts are kept accountable so that they are not short-changing NHS patients for private work: through Monitor, terms of authorisation, the mandatory services schedule, contract variations with PCTs, boards of governors on significant decisions, asset-disposal locks and consultation.

6.30 pm

The problem with new clause 13 is that it retains the arbitrary nature at the heart of the problem, and limits the raising of the cap to mental health trusts only. Why has the Minister chosen 1.5 per cent. when some hospitals get as much as 30 per cent. and many as much as 5 per cent.? For mental health trusts, the figure was nil, so 1.5 per cent. is of course an improvement. However, if, as I would argue, one were to apply the principle across the board to include children's hospitals such as Great Ormond Street, it would be vital to recognise that 1.5 per cent. is no less arbitrary than the other number that has been picked, and the hospital should receive recognition for what it is achieving. Can the Minister

clarify where in legislation a mental health foundation trust is defined, because that has been difficult to find for registration purposes?

By failing to address the vagaries of the cap across the rest of the foundation trust sector, the Minister has committed to preserving the unfairness. As a result, the amendment is confused. Why is he not lifting the cap on Great Ormond Street? Is he saying that the care of people with mental illness is more important than the care of children? I hope not, and I do not believe so. By preserving the unfairness, the amendment fails to deal with the problem even-handedly and lets down some of the most needy patients in our NHS. We are therefore minded not to support it, but we cannot put at risk the small benefit to mental health trusts. Therefore, with all that on the record, we will abstain.

It is interesting to note, as a matter of process more than anything else, that the Minister said that the pursuance of a judicial review of Monitor's permissive interpretation of the legislation—ignoring, for instance, income from joint ventures and arm's length companies—was a reason not to do anything about the issue in Committee. We are now dealing with the remaining stages of the Bill on its final day in this place, and that judicial review has not yet been concluded. Why is the Minister bringing this measure forward now, whereas previously the review was an excuse for not doing so? I hope that he will give us a justification for that.

Before I sit down, it is my pleasure and privilege to welcome the new hon. Member for Norwich, North (Chloe Smith) to her first debate.

Sandra Gidley: Most of my comments have already been outlined by the hon. Member for Eddisbury (Mr. O'Brien), so I will be brief. As he said, in the other place the Opposition inserted a clause to enable the Secretary of State to make exceptions to the private patient income cap for foundation trusts. The Conservative amendment seeks to reintroduce that measure, and had it been put to a vote we would have supported it. It is a shame that the Government removed the clause in Committee, but the reasons for that have been outlined, and at least we got a commitment to a review, which I welcome. The Minister outlined the process, but it would be helpful if he could be a little clearer about the time scales involved, because this could be one of those things that is kicked into the long grass and forgotten about once the impetus of the Bill is no longer with us.

I welcome new clause 13 in some ways, because it helps mental health trusts, which are completely hamstrung at the moment. Many of them, including my local trust, have innovative ideas about things they want to do and services they want to provide that are add-ons rather than taking anything away from existing NHS patients. However, what puzzles me is why the amendment applies only to mental health trusts: why not have a wholesale move to a minimum of 1.5 per cent., or whichever was the rate at transfer? A small number of foundation trusts have a cap of less than 1.5 per cent., and they will be feeling aggrieved that they are missing out—that they have seen others gain something that will enable them to provide new services while they are still stuck in the same shackles. Why did the Minister not take the opportunity to be a little bolder and introduce a level playing field of a 1.5 per cent. minimum for everybody whose cap was beneath that? Was it simpler to take this measure only for mental health trusts, or was there a reason why it could not be done for the other foundation trusts? I share the sentiments expressed by the hon. Member for Eddisbury, in that I would not want mental health trusts to lose out, but it is a shame that an opportunity has been missed.

Mr. Mike O'Brien: Let me first deal with a couple of the points raised by the hon. Member for Eddisbury (Mr. O'Brien). I thank him for his indication that Conservative Front Benchers will abstain on this measure. We accept that this is an interim solution. We acknowledge that there are problems and unfairnesses in the way that the cap currently works, with some trusts able to have large amounts of private income and others seriously restricted.

However, it was clear that in the area of mental health there was a major problem that was interfering with the development of public policy, encouraging trusts to engage with other providers to ensure that mental health issues were better addressed. I do not dispute that areas within acute trusts and other parts of the NHS have problems, but given the strong level of concern on both sides of the argument, and the fact that there was clearly a level of unfairness in the current system, we needed a proper engagement with this. It would have been easy to come up with an across-the-board solution, but the end effect would probably have been the creation of as many anomalies as we had solved. We took the view that there was clearly an issue with mental health trusts and that we could justify 1.5 per cent. on the basis that it was unlikely, given the sheer scale of the engagement, that most mental health trusts would be able to develop, within a year or 18 months, the level of private sector income that would hit that cap.

We are looking to have a review within a relatively short time; I have just announced that I have brought it forward. We want to resolve the policy clearly with as much of a consensus as is likely to be possible. I say that knowing that there are people with very strong, well-argued, coherent views, and those who have views of a similar kind on the other side of the argument. We need to ensure that there is an ability to work through the iterative process so that the debate comes to as much of an understanding and resolution as possible.

We also need to add to the equation the question of the purpose of such private income. Is it for the benefit of the NHS and wider health care, or does it just bring in some extra money which some boards may well feel it would be nice to have? We must have a clear view about that. As part of the review, I am seeking to flag up the fact that private patient income must be used for a purpose. I do not want it to be a long review—it should be fairly brisk so that in the spring we can come out with a clear view of the outcome of this debate.

Sandra Gidley: Many people are concerned that we could go back to the old days when private patients seemed effectively to be subsidised by the NHS. Will the review include mechanisms to ensure that the full costs of any in-house private patients are recovered and charged properly, so that we do not have such subsidising of the private health care system again?

Mr. Mike O'Brien: The hon. Lady makes a very good point. We do not want private patients to be significantly subsidised by NHS taxpayers. The aim is to ensure that we make a proper examination of the issue and come up

with a set of principles that we can apply to foundation trusts, and perhaps the whole NHS, so that there is a clear view of what the objectives are. We do not want to restrict innovation, and it is important that we have the ability to develop new ways of providing services and looking after public health in general, both mental and otherwise. We therefore need to consider how the matter should be developed.

Mr. Stephen O'Brien: My point is a combination of what the hon. Member for Romsey (Sandra Gidley) asked and what the Minister said in reply to her. The quicker the process by which the full range of tariff implementation can take place, the better it can assist us, because that will set out much of what we need to establish to ensure that there is not inappropriate cross-subsidy. People will be well aware of what the true cost is, so they can be sure that there are mechanisms in place for that.

Mr. Mike O'Brien: That is a fair point, and I acknowledge that we will need to consider tariffs and how services are provided and should be developed in future.

I was asked a couple of questions. The hon. Member for Romsey (Sandra Gidley) asked about the process that will take place. The timetable is that the call for evidence will begin within the next month, and the Department will seek feedback by the end of the year. A policy review will begin in the new year, which we expect to report to Ministers in the spring, and a formal Government consultation presenting the options for the most appropriate solution will then be brought forward. In due course, it will be for those dealing with the matter to bring forward legislation, and I look forward to doing so.

The hon. Member for Eddisbury asked me about the lack of a definition of a mental health foundation trust. He said that he had looked for it, but it is actually in the new clause. He is right that there is not a proper definition elsewhere, so we have included it in the new clause. I hope that he will see that a trust is included if

"it appears to the regulator that it provides goods or services only or mainly for the prevention, diagnosis or treatment of any disorder or disability of the mind or for the benefit in any other way of people suffering from a disorder or disability of the mind."

That is the definition that he seeks.

The hon. Gentleman asked about the judicial review. Our view was that it would be better to delay our review of the matter until after we had seen the view expressed by the courts. However, lawyers consider such things with a degree of care, and I have done so and taken the view that the courts would actually want to know how the Government propose to deal with these issues. I believe that it would therefore assist the courts if we set out how we propose to do so, so that the fact that we are conducting a review can be taken into account in any judgment that they reach in due course in relation to the judicial review. He asks whether we have changed our mind: yes, we have. Have we considered the matter again? Yes. Have we taken the view that we can go ahead with the change now? Yes, we have—I have taken advice from those who advise us and taken the view that we can move forward. *[Interruption.]* It was a lawyer's examination of the issues, to reach a sensible conclusion based upon the evidence.

I am grateful for the indication that Conservative Members do not intend to oppose the new clause, and I hope that we will have the support of the Liberal Democrat Front Benchers.

Question put and agreed to.

New clause 13 accordingly read a Second time, and added to the Bill.

New Clause 14

PAYMENTS IN RESPECT OF COSTS OF OPTICAL APPLIANCES

'Section 180(2)(c) of the National Health Service Act 2006 (c. 41) (payments in respect of costs of optical appliances for persons aged 60 or over) is omitted.'—*(Mr. Mike O'Brien.)*

Brought up, and read the First time.

6.45 pm

Mr. Mike O'Brien: I beg to move, That the clause be read a Second time.

Mr. Deputy Speaker: With this it will be convenient to discuss Government amendments 38 and 39.

Mr. Mike O'Brien: The new clause is designed to correct a drafting mistake that was made in the Health Act 2006, which is now consolidated into the National Health Service Act 2006. I understand that the error was spotted by officials on 8 September this year, and the new clause makes no change in policy.

Since the introduction of the optical voucher scheme in 1986, Government policy has been that eligibility for NHS optical vouchers should be targeted at children and those who are in receipt of a qualifying income-related benefit or need a complex optical appliance. Those eligible for help on low-income grounds include those aged 60 or over. The change introduced in the Health Act 2006 seems mistakenly to have extended eligibility for optical vouchers to all people aged 60 or over, regardless of income. That was not referred to in the explanatory notes to the Act, and it was not the subject of an impact assessment or consultation. It was a mistake made during the process of preparing the draft Bill.

Before Opposition Members have fun with this—I would expect no less—I remind them of the minor fact that although it is true that Ministers at the time did not spot that the wording was wrong, neither did either Opposition party's Front Benchers, so let us not be holier-than-thou about this. We accept that there appears to have been a drafting error. There seems to have been some lack of clarity in the Department of Health's instructions, which led to a mistake in drafting that was never picked up in this place or the other place. The new clause simply corrects that error and reinstates the legislation that reflects our long-standing intention and policy, including at the time of the Health Act 2006—to maintain entitlement unchanged.

No one eligible for an optical voucher before the mistake was made is affected by the new clause. Our view continues to be that help with the cost of optical appliances through the NHS voucher scheme should be targeted at those most in need, and that that

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represents the best use of NHS funds. That view predates our Government and has continued, by and large, under this Government.

Frank Dobson: Would my right hon. and learned Friend concede that the person doing the drafting might even have benefited from the optical appliances that the vouchers supply?

Mr. Mike O'Brien: I dare not concede that. Our draftsmen do an excellent job, and we certainly do not want to upset them. My guess is that there was just a lack of clarity in some of the instructions that were sent over. It is difficult to be clear about why the mistake originally arose, but arise it did. By the way, we spotted it, and we are dealing with it now. People aged 60 and over are eligible for NHS-funded sight tests in view of their increased risk of eye disease, and that will continue. There are conditions in relation to the application of the rules. Our policy is unchanged and the new clause merely corrects an error in the legislation.

Mike Penning: The Minister is right—we might have a little fun, but only for a few moments because I do not want to delay matters. I thank him for the letter of 2 October to my colleague, informing the official Opposition that the Department had found the mistake—three years after it was included in the measure; the Minister forgot to mention how long it had taken. However, he is right that the provision was not intended to be in the 2006 measure—I have looked through the work that took place long before I joined the Front Bench to ascertain how the Bill went through. He should be commended on his intention to continue the previous Conservative Government's work on optical vouchers.

I noted the Minister's comment that the shadow Secretary of State had taken part in proceedings on the Bill and that perhaps he should have picked up the mistake. Not quite as many lawyers work for Her Majesty's Opposition as for the Department of Health. While we are having a bit of banter, let me point out that the hon. Member for Lincoln (Gillian Merron), now a Minister in the Department, was the Whip on the Bill. One therefore wonders whether the Bill that we are considering today, about which she may comment—she served on the Committee—has had the same sort of scrutiny that took place in 2006.

After that bit of banter, we accept that a mistake was made three years ago and that the Government are changing the legislation at the first opportunity.

Sandra Gidley: I have little to add. I had spotted the flaw that neither Ministers nor the Opposition teams found. It made me wonder whether we had inadequate time for scrutiny. Bills are heavily timetabled in Committee nowadays and clauses often do not receive the attention that they perhaps would if we had a little more time.

I am amazed that the mistake took three years to come to light. However, I have a question for the Minister. Should I advise my mother, who is over 60 but currently does not qualify for free spectacles, to get out there quickly and get her vouchers before the changes come into force?

Mr. Mike O'Brien: The policy remains exactly as it was. The best advice for the hon. Lady's mother is that the NHS has rules, which it has applied and will continue to apply. If her mother qualified previously, she qualifies now. If she did not qualify previously, she does not now.

Mr. Deputy Speaker: Order. I suspect that the Minister was not responding to an intervention, but summing up the debate.

Question put and agreed to.

New clause 14 accordingly read a Second time, and added to the Bill.

New Clause 1

PURCHASE OF TOBACCO ON BEHALF OF CHILDREN

'After section 7(2) of the Children and Young Persons Act 1993 (c. 12) (sale of tobacco, etc. to persons under (eighteen)) insert—

"(2A) A person commits an offence if he buys or attempts to buy tobacco on behalf of an individual aged under 18.

(2B) Where a person is charged with an offence under subsection (2A) it is a defence that he had no reason to suspect that the individual was aged under 18.

(2C) A person guilty of an offence under this section is liable on summary conviction to a fine not exceeding level 5 on the standard scale.".'.—*(Mike Penning.)*

Brought up, and read the First time.

Mike Penning: I beg to move, That the clause be read a Second time.

Mr. Deputy Speaker: With this it will be convenient to discuss the following: new clause 4—*Purchase of tobacco on behalf of children*—

'After section 7(2) of the Children and Young Persons Act 1933 (c. 12) (sale of tobacco, etc. to persons under (eighteen)) insert—

"2A Purchase of tobacco on behalf of children

(1) A person commits an offence if—

(a) he buys or attempts to buy tobacco on behalf of an individual aged under 18, or

(b) where he is a member of a club, on behalf of an individual aged under 18 he—

(i) makes arrangements whereby tobacco is supplied to him or to his order by or on behalf of the club, or

(ii) attempts to make such arrangements.

(2) A person ("the relevant person") commits an offence if—

(a) he buys or attempts to buy tobacco for consumption on relevant premises by an individual aged under 18, or

(b) where he is a member of a club—

(i) by some act or default of his, tobacco is supplied to him, or to his order, by or on behalf of the club for consumption on relevant premises by an individual aged under 18, or

(ii) he attempts to have tobacco so supplied for such consumption.

(3) Where a person is charged with an offence under paragraph (1) or (2) it is a defence that he had no reason to suspect that the individual was aged under 18.

(4) A person guilty of an offence under this subsection is liable on summary conviction—

(a) in the case of an offence under paragraph (1), to a fine not exceeding level 3 on the standard scale, and

(b) in the case of an offence under paragraph (2), to a fine not exceeding level 5 on the standard scale.".

New clause 6—*Disclosure of tobacco industry promotional and research activity*—

'(1) The Secretary of State shall make regulations to require a business which in the course of its activity sells a tobacco product or causes one to be sold to disclose details of its marketing and research activities.

(2) Disclosure shall consist of but is not limited to—

(a) the total amount spent on distribution, advertising and selling costs deducted from corporation tax;

(b) distribution costs;

(c) promotional allowances at retail;

(d) competition prizes at retail;

(e) tobacco display gantries at retail;

(f) speciality item distribution;

(g) brand development;

(h) packaging design;

(i) online marketing activity;

(j) advertising in specialist trade press;

(k) corporate social responsibility activities;

(l) market research;

(m) product research; and

(n) any other marketing and research activity which represents more than 5 per cent. of the total spending by the business.

(3) The Secretary of State shall make regulations to require disclosure of information and results from all market research and scientific research conducted by the businesses specified in subsection (1) in relation to tobacco products by type of product.

(4) The Secretary of State shall require all information required by subsections (1) and (3) to be submitted on a quarterly basis by businesses specified in subsection (1) and shall, within three months, publish a report aggregating the data.

(5) A person who does not comply with regulations under this section shall be guilty of an offence.

(6) The provisions of section 13 (Enforcement), 14 (Powers of entry, etc), 15 (Obstruction, etc of officers) and 16 (Penalties) of the Tobacco Advertising and Promotion Act 2002 shall apply to this section.'.

New clause 7—*Restrictions on tobacco packaging*—

'Within six months of the passing of this Act, the Secretary of State shall set out guidance for consultation with appropriate stakeholders on regulations prohibiting or restricting the use of logos, colours, brand images or promotional information on tobacco packaging other than brand names and product names displayed in a standard colour and font style.'.

Amendment 1, page 23, line 31, leave out clause 21.

Amendment 16, clause 21, page 24, line 15, at end insert—

'(2) No offence is committed under section 7A if—

(a) the products are displayed at a place where tobacco products are offered for sale,

(b) the display is of one packet only of each tobacco product which is offered for sale,

(c) the display is no greater than 1.5 square metres in size, and

(d) the display complies with such requirements as may be specified in regulations.'.

Amendment 2, clause 22, page 26, line 3, leave out 'may' and insert 'shall'.

Amendment 4, page 26, line 4, after 'prohibiting', insert 'in certain circumstances'.

Amendment 5, page 26, line 4, leave out 'or imposing requirements in relation to'.

Amendment 6, page 26, leave out lines 6 to 10.

Amendment 17, page 26, leave out lines 7 to 10 and insert—

'requirements as to the location of any automatic machine for the sale of tobacco which would prevent access to, or purchase of, tobacco by any person aged under 18.'.

Amendment 7, page 26, line 12, leave out 'or requirement'.

Amendment 8, page 26, line 13, leave out 'or requirement'.

Amendment 9, clause 23, page 27, line 12, leave out 'may' and insert 'shall'.

Amendment 10, page 27, line 12, after 'prohibiting', insert ' in certain circumstances'.

Amendment 11, page 27, line 12, leave out 'or imposing requirements in relation to'.

Amendment 12, page 27, leave out lines 15 to 19.

Amendment 18, page 27, leave out lines 16 to 19 and insert—

'requirements as to the location of any automatic machine for the sale of tobacco which would prevent access to, or purchase of, tobacco by any person aged under 18.'.

Amendment 13, page 27, line 21, leave out 'or requirement'.

Amendment 14, page 27, line 22, leave out 'or requirement'.

Mike Penning: It is a pleasure to take this element of the Bill through its final stages.

I was a proud member of the Select Committee on Health that pushed the Government from a partial ban on smoking in public places to a full ban. I did not think that anyone should be protected under the legislation on a cherry-picking principle. It should be one rule for all or not at all. I was therefore pleased that the Select Committee, after taking a lot of evidence, reached conclusions that meant that an amendment was tabled and, on a free vote, the House came to a sensible decision.

Unless things have changed since the debate began, I am sad that the two main Opposition parties have a free vote this evening, while the Government party does not. That is a shame. It is an issue of conscience—*[Interruption.]* No, the Government party does not have a free vote—Labour Members can ask the Minister. Some selective voting by Labour Members may happen, but the Government will oppose the amendments and that is a shame.

Dr. John Pugh (Southport) (LD): It is all the sadder because the evidence is ambiguous. There is no decisive evidence to compel Ministers and Labour Members to vote the same way.

Mike Penning: That is a sensible point. We did not force any votes in Committee because we wanted the House to have the opportunity to express a view and did not want to constrain the House. I said to the Minister in Committee that the evidence appeared to be selective. I understand where it came from; I have nothing but admiration for Cancer Research UK and Action on Smoking and Health—ASH. I have worked with them in the past and will continue to do that. However, it is a Minister's job to examine all the evidence so that legislation is evidence-based.

Christopher Fraser (South-West Norfolk) (Con): I am sure that my hon. Friend is also particularly sad because the group of amendments affects businesses in all our constituencies and it would therefore be good to see Labour Members standing up for their local companies, especially in difficult economic times.

Mike Penning: The important point is that the businesses to which my hon. Friend refers are operating legally. We are considering a legal product. I am sure that many hon. Members would like it to be illegal, but it is not. While it is sold by businesses legitimately, fairly and legally, they should not be persecuted. That is my view and my reason for tabling the amendments.

There are four new clauses and a raft of amendments and I shall try to speak about as many as possible, but without taking up too much of the House's time because it is important that hon. Members vote on as many as possible. The Opposition are looking to press new clause 1 and amendments 1 and 2 in particular to a vote.

I find it strange that the Government have not accepted the substance of new clause 1 and tabled such an amendment themselves. Raising the smoking age from 16 to 18 had broad support throughout the country, levelled up our legislation with that of many of our European colleagues and friends, and made it similar to that for alcohol. Yet while it is understandably illegal for someone to proxy-purchase alcohol and pass it on to a minor, it is not illegal to proxy-purchase cigarettes and pass them on to a minor. I do not understand that. If the measure is to protect young people, and I genuinely broadly support it, I do not understand why new clause 1 is not accepted, especially given the evidence from the manufacturers themselves that 89 per cent. of young people who smoke buy cigarettes from or are given them by another person outside a legal shop premises.

I have no truck with tobacco manufacturers. They know—I have said it publicly—that I would be happy if they went bust tomorrow morning. I do not like tobacco products, but while they are legal, legal businesses, which do not break the law, should have every opportunity to sell them and not be penalised.

David Taylor (North-West Leicestershire) (Lab/Co-op): The hon. Gentleman refers to outlawing proxy purchases of tobacco. However, we have a parallel regime for outlawing proxy purchases of alcohol, which has proved extremely difficult and costly to enforce and has not been especially successful. Why does he think that tobacco would be different?

7.15 pm

Mike Penning: There are two things to say about that. First, unenforceable legislation is bad law and, secondly, the alcohol legislation is being enforced, particularly in the constituency of my hon. Friend the Member for South Cambridgeshire (Mr. Lansley).

Mr. Lansley: No, it is next door.

Mike Penning: I do apologise—it is being enforced in Cambridge, where partnerships have worked together and driven down the amount of alcohol being drunk on the streets, particularly by young people. It can be done, if there is a will. I know the hon. Member for North-West Leicestershire (David Taylor) very well. We do not want young kids to buy tobacco from, or to be given tobacco by, an adult who is making an illicit earning by doing so.

The shops, of course, are doing their best. They are asking whether people are 18 years old, and when someone proves that they are, they can buy the tobacco and sell it on. That cannot be acceptable, and we do not accept it with alcohol. If the hon. Gentleman is right, the Government need to get a grip on alcohol legislation. The key point is that the Government did the right thing by raising the age to 18, but they have not done the right thing in their proposals. That is the reason for new clause 1.

The crux of amendment 1 is the evidence that the measure in the Bill would massively affect businesses in this country at this very difficult time—that was raised by my hon. Friend the Member for South-West Norfolk (Christopher Fraser). Is there sufficient evidence to ban displays at the point of sale, which will affect people's businesses? I have looked long and hard for evidence from around the world that the Government's proposals are sufficiently evidence-based, but I do not think that they are. I am sure that the Minister will refer to the experiment in Canada. When the measure was introduced in one state, there was a drop, but in states where it was not introduced, there was also a drop. What is the evidence base from that?

The other thing that worries me about the evidence base, particularly Professor Hastings's evidence, is that it is based on what people are likely to do rather than on what they have done. I am sure that we have all been canvassing quite a lot lately and knocking on doors. If every single person who said, "Yes, I will vote for you Mike—that is my intention," did so, my majority would be about 10 times greater than it is. We all know about people stating their intent, but surely the evidence base for the Bill should be what people have done. We do not have such evidence.

Philip Davies (Shipley) (Con): My hon. Friend is typically making a powerful case. I was a retailer for 12 years before entering Parliament, and I can tell him that tobacco is not an impulse purchase in the way that cream cakes are, yet the Government are treating them the same way. People walk past cream cakes and think, "Oh, I might try one of them, they look quite nice," but they do not do the same with tobacco. Tobacco is not an impulse purchase, so does he agree that it should not be treated as such?

Mike Penning: I completely agree with my hon. Friend, as does the evidence from across the spectrum. At the moment, we do not have the recommendations from the Government, or know what they are likely to do or how they will interpret the measure. They are as yet unavailable, so we are going to be voting this evening on measures in the Bill the impact of which we do not directly know. We were promised those details early in Committee and last week. Will the Minister tell us where they are?

The Minister of State, Department of Health (Gillian Merron): The hon. Gentleman may be aware that the regulations were published earlier today, before the debate commenced. Indeed, they were e-mailed to all Members of Parliament and are available in the Library and the Vote Office.

Mike Penning: Does that not tell us everything about the Government? It is like lastminute.com, but this is such an important issue. Businesses and Members of Parliament needed to know about the regulations weeks ago, not on the day when we are debating the Bill. We will be voting this evening on the future of the local stores and businesses in our constituencies, and I am disappointed in the Minister. I think she had every opportunity to bring that information forward.

Gillian Merron: I hope that hon. Members are aware that we have involved many retail organisations in the development of the draft regulations. It is not always the case that regulations are produced before a Bill is debated—far from it. Ideally, I would have liked to see them earlier, but we are ahead of time on many other provisions.

Mike Penning: There is a saying that goes, "When you get in a hole, stop digging." The industry, which sells a legal product, is very worried. It has been calling for some time for the regulations to be published so that it can find out exactly what is going on.

Lembit Öpik (Montgomeryshire) (LD): Does the hon. Gentleman find it astounding that the Minister thinks that publishing the regulations this afternoon is acceptable when, as the hon. Member for South-West Norfolk (Christopher Fraser) rightly observed, the retailers are going to suffer? They needed to see the regulations before we started the debate, but they were published merely hours before it began.

Mike Penning: This is exactly what the retailers were asking me earlier today and what we were asking last week: "Where are they?" They wanted to know what the impact on them would be and the size of displays.

Mr. Andy Slaughter (Ealing, Acton and Shepherd's Bush) (Lab): Let us have an argument about process because there is no substance. I am listening to the hon. Gentleman. If he is right that there is no argument about tobacco being an impulse purchase, why is he so bothered about display at point of sale being banned? The evidence is that the tobacco companies take great comfort from the displays and the advertising they do at point of sale, and in the fact that it influences young people. If he believes that the measure would damage the retail trade, why does he not address that point?

Mike Penning: I am concerned about having good law—a law that we can enforce and one that does not have a disproportionate impact on people who are going about their law-abiding trades. That is my point.

Looking carefully at and reading the evidence will show us that what the hon. Gentleman just said is fundamentally wrong. The evidence tells us that most children—we are talking about under-18s—do not purchase cigarettes in a shop. There is evidence of vending machine use, which I will come to in a moment, but most people are given tobacco or purchase it from an adult. There would be no impact from the measures. That is the evidence.

Christopher Fraser: Further to the point made by the hon. Member for Montgomeryshire (Lembit Öpik), the Association of Convenience Stores has said that the display ban could cost each store a minimum of £1,800, or even as much as £5,000. That is far too high for a store to bear in these economic times. I am sure that my hon. Friend will agree that those same store owners are scrupulous about how they sell such products, because they would not be in trade if they did not do it properly.

Mike Penning: My hon. Friend's point is absolutely crucial. Those store owners do not know exactly how much the measure will cost them, because until this morning we had no idea what was going on. If a shop sells cigarettes to an under-age child, it should be warned, then it should receive a written warning, then it should be three strikes and out. Local government already has those powers. That process happens in some parts of the country, but it should be enforced throughout the country.

Mr. Philip Dunne (Ludlow) (Con): My hon. Friend makes a very powerful case, and I share his abhorrence at the prevalence of smoking. However, the Government's proposal would have implications not only on the capital cost to retailers, as was outlined by my hon. Friend the Member for South-West Norfolk (Christopher Fraser), but on their revenue. The measure would enforce continuing annual losses of trade. Many of the small confectioners, tobacconists and newsagents rely on tobacco sales for something approaching 30 per cent. of their turnover. The significant loss of turnover resulting from the display ban would put many of those shops out of business when the economy least needs to lose local community shops.

My second, related point, is that making tobacco an under-the-counter product will increase the propensity of illegal products being sold through other outlets, which will lead to a substantial reduction in Government revenue.

Mike Penning: I agree completely with my hon. Friend.

David Taylor: Will the hon. Gentleman give way?

Mike Penning: If the hon. Gentleman will bear with me, I need to make some progress, and I want my Back-Bench colleagues to speak on this matter, because it is very important.

The amount that such retailers take in revenue is not the only important thing: the footfall is also important. I would have thought that the Government, who are trying to find extra income and who are today selling off some of the nation's assets—we would agree with some of their measures, but they are having a one-off sale—would have considered why they are losing more than £3 billion in duty on black market and counterfeit cigarettes, and white imports.

Sir Patrick Cormack: I am extremely grateful that my hon. Friend touched on that point. As Chairman of the Select Committee on Northern Ireland Affairs, I know what a terrible impact such activity has had on Northern Ireland. It is not only a question of revenue lost. The illicit cigarettes that are sold are frequently highly toxic—far more toxic than the orthodox product.

Mike Penning: Three aspects of illicit tobacco worry me. The first is the duty that is not paid and the loss of income. Secondly, we have no idea what counterfeit cigarettes contain. I support the amendment on the contents of cigarettes, but we know nothing about those that are made in some dodgy shed in a field and

[Mike Penning]

then imported into this country. The third aspect—and I saw how prevalent it is when I went to a football match at Watford the other day and saw the discarded packets—is the so-called white products, which look like legitimate products, but are made in the eastern bloc and are brought into this country for about 25p a packet and sold on. The people who sell those cigarettes do not care who buys them. One in five cigarettes sold in this country is sold on the black market. Why do we not attack that market? Why is it not a criminal offence to sell such cigarettes? It is an offence under customs legislation, but the police are not interested because it is not a recordable offence. Why not? We should drive this practice out of the pubs, clubs and markets of this country.

Mr. Christopher Chope (Christchurch) (Con): On a point of order, Mr. Deputy Speaker. Earlier, the Minister assured the House that the draft regulations were now available in the Library and the Vote Office. I have just been to both, seeking copies, and they are not available. It is in any event extraordinary that the Minister did not have the courtesy to distribute the draft regulations to the shadow Minister. I request an adjournment of this debate, pending the production of these regulations.

Mr. Deputy Speaker: I am afraid that I cannot acquiesce to the hon. Gentleman's final request. It is important that the necessary papers are available before a debate takes place. I am sure that Ministers will have heard what the hon. Gentleman has said and will instigate inquiries—as will I—into the exact position.

Mike Penning: I was slightly surprised when the Minister said earlier that the regulations were available in the Library and the Vote Office, because such documents would usually be laid on the Table. In this case, they were not laid on the Table, which is why I mentioned that to the Minister. She should be embarrassed, because this debate is about people's livelihoods, and the impact assessments would allow Members to take a view on how this legislation would affect businesses in their constituency.

I would also have thought that the Government would have had some comment on nicotine replacement therapy, its cost and how we can make it more available. Once people are addicted to nicotine, it is difficult to give up. The Government have myriad different programmes for smoking cessation, most of which I support, but the best approach is to address nicotine addiction. There must be ways to put nicotine replacement therapy closer to the consumer—perhaps in the stores that would be damaged by this ban. If nicotine replacements were put next to cigarettes in shops, they would be available if people decided that they wanted to break their addiction and give up cigarettes. I am told by retailers that they are not allowed to put nicotine replacements next to cigarettes because the tobacco manufacturers say that that is not acceptable. That is wrong. Nicotine replacements should be available next to tobacco products, at a comparable price.

7.15 pm

Mr. Chope: We have been talking about the regulations, which are not yet available, but that may be an academic exercise. Am I right in thinking that after the general election, if the Conservatives form the next Government, those regulations will never be implemented?

Mike Penning: We have said that nobody with any sense thinks that squeezing this important debate into a tiny section of the Report stage gives it the importance it deserves. We want to see a free vote across the House and proper time given to debating this important issue of how we stop youngsters starting to smoke without completely destroying the corner shop.

Mr. Chope: My hon. Friend refers to the free vote that we expect later this evening—certainly on this side of the House—but that does not address the issue of what will happen if the Bill becomes law in this Parliament. Will an incoming Conservative Government implement those regulations or will they accept the will of Conservative Members and reject them?

Mike Penning: We will always accept the will of the House. The draft regulations are not due to come into force until 2011, and the election will take place long before that. This House will take a view before the regulations come into force. It is as plain and simple as that.

Evidence shows that one way in which young people gain access to cigarettes is from vending machines—although I do not know how they afford the cigarettes, because they are hugely expensive. I was in a local pub and a young guy came in during a quiz night and bought a packet of cigarettes from the vending machine—16 for £7.20—and scuttled out of the door before anyone could stop him, and we have all seen the DVD on the issue produced by ASH and Cancer Research UK. However, there are simple ways to stop young people using cigarette vending machines without destroying the income that pubs get from vending machines or restricting access to a legal product for people aged over 18.

Last week, I stayed in the Jury Inn hotel in Manchester and a little sign on the vending machine said, "If you wish to purchase these products, please come to the bar and prove that you are 18". Once that has been proved, the bar staff zap the machine and it works once. The Government should make proposals to address the vending machine problem without destroying a legal way to purchase cigarettes. That would make a dramatic difference. The biggest difference would be made by addressing the black market, rather than by picking on shopkeepers who are running legitimate businesses but happen to sell a product that some people do not like.

Dr. Stoate: Will the hon. Gentleman give way?

Mike Penning: No, I am about to conclude my remarks.

If the Government were serious, they would have waited for the evidence on point of sale. They would also support new clause 1, which would make it a criminal offence to act as a proxy in the purchase of tobacco, and amendment 2, which would protect more children by closing the vending machine loophole.

Frank Dobson: New clause 6 would require the public disclosure by tobacco companies of details of their marketing activity and research, and their scientific research. We must bear in mind the fact that everything

that tobacco companies do is designed to maximise the sale of cigarettes. In the case of scientific research, they have a long track record of denying the conclusions of other people's scientific research, trying to introduce uncertainty about that research and trying to mislead the public.

When, after the seminal research by Sir Richard Doll, it became clear to anybody who cared to listen that smoking kills, the immediate response by the tobacco industry was to say, "Oh no, it doesn't." Then the tobacco industry did its own scientific research, which concluded: "Yes it does," but it still continued to deny it.

Then when people outside the tobacco industry proved scientifically that nicotine was addictive, the tobacco industry said, "Oh no it isn't." Then the industry did its own research, which proved that nicotine was indeed addictive, but at that point the industry did not just continue to deny it. Rather, being the evil people that they are, those in the tobacco industry increased the proportion of the addictive part of nicotine in their cigarettes, so that they became more addictive than they were beforehand.

Then the tobacco industry started promoting low-tar cigarettes, but when people outside said, "No, they aren't better for the health of people who smoke," those in the industry said, "Yes they are." Then it did its own internal scientific research, which proved yet again that the people outside the industry were right: low-tar cigarettes were no more healthy or good for smokers than the worst of them.

Since then, the industry has been promoting all sorts of allegedly scientific surveys and pseudo-research. It has paid its way into scientific publications, hiring scientists and doctors who, for the money it has paid them, have been willing to perjure themselves and say that cigarettes are not dangerous. As far as the scientific side of things is concerned, one of the tobacco industry's objects has always been just to create as much controversy as it can and to cast doubt on the plain and simple fact that smoking kills roughly half the people who take it up.

When we come to promotional activity—the industry's scientific research is of course related to this—one cannot fault the tobacco industry for not having long-term thinking. There is evidence from tobacco companies' internal documents going as far back as the 1970s that they were asking themselves, "How do we fight off the evidence of harm that tobacco does to people?" and, "How do we promote cigarette sales when advertising is banned?" There are legions of documents—generally speaking, they were revealed as a result of legal cases in the United States—that show what the tobacco companies have been up to.

There has not been so much evidence here in the United Kingdom, but the situation is probably best summarised by Mr. Geoff Good, which is an odd name under the circumstances, of Imperial Tobacco, who, referring to the Tobacco Advertising and Promotion Act 2002, told a meeting in London in 2006:

> "In this challenging environment, the marketing team have to become more creative."

He would have been more accurate if he had said "even more creative," because the industry has been getting more and more creative over the decades. The industry has promoted point-of-sale displays and sales through vending machines, and it has moved into massive promotional activity in music venues that are attended by young people.

Bob Spink (Castle Point) (Ind): Will the right hon. Gentleman give way?

Frank Dobson: No, I will not give way. Other people want to speak.

Hardly anybody takes up smoking as an adult. Smoking is taken up by children or those in their late teens. Recently at the O_2 Centre in Greenwich—as I understand it, O_2 is not one of the oxygens, but it ought to be some chemical reference—there was a tented area that was dedicated exclusively to the promotion of cigarettes. People have been going round bars in the north-east of England with illuminated trays and illuminated young women carrying them, and a similar approach has been taken on the beaches in Brighton. Those involved have been dishing out free cigarettes to British holidaymakers in Spain to ensure that they remain addicted.

People say, "Oh, these visible displays have no impact," but let me quote from a Philip Morris official who said fairly recently:

> "The more visible our products are to consumers, the more sales we make."

It is no good Opposition Members saying, "Oh, there would be a damaging revenue cost if the displays were banned." If there were a revenue cost, it would mean that the ban was working. However, the industry claims that the ban would not work, but if it would not work, why is it going on about it?

The other point is this. I have every sympathy with the small shopkeeper, but we are not talking about small shopkeepers; we are talking about some of the biggest multinational corporations in the world. The hon. Member for Hemel Hempstead (Mike Penning) said that he would like to see them go bankrupt, but they are a long way short of being bankrupt. They are rolling in money. If the small shopkeepers need help to pay to get rid of displays, they should ask the big bosses—the tobacco barons—to pay up the money and help them to conceal those displays.

Bob Spink: The right hon. Gentleman is making some excellent points. He mentioned that half the people who take up smoking will eventually die from it, but has he made any estimate of the number of children, who are now taking up smoking in far too great a number because of the availability of cigarettes, vending machines and suchlike, who will eventually die from this filthy habit? He is making some superb points.

Frank Dobson: Roughly speaking, around half the people who smoke die, one way or another, as a result of being smokers.

Then we have had the effort by the tobacco industry to get into what might be described as tobacco-branded accessories, which involves selling something that looks like Marlboro or Lucky Strike, which promotes the image and the brand. All I can do is quote probably the last ever words that Robert Kennedy said that were worth recording before he was assassinated. He was visiting the cardiothoracic unit at a hospital and he said, "I guess this is real Marlboro country." And it is: that is what the tobacco industry does.

Dr. Stoate: Just to help my right hon. Friend with the figures, 120,000 people die each year from smoking-related diseases, which is about 400 a day—the equivalent of the number on a jumbo jet falling out of the sky. That is the number of young people whom the tobacco companies need to recruit just to maintain the level of smokers in our society.

Frank Dobson: I think that I was the first ever person in the House to point out that the tobacco industry needs to recruit 120,000 new smokers a year to make up for the ones it kills in that year. We have to remember that, because the tobacco companies will be standing still if they only get an extra 120,000 new smokers.

Mike Penning: Interestingly enough, when the right hon. Gentleman became the Secretary of State for Health in 1997, sitting on his desk would have been a report by Goddard, as well as a separate one by Smee, commissioned by the Department of Health into the effects of advertising and display bands. They said that it seemed clear that tobacco advertising and retail displays had no effect on youth smoking initiation in the late 1980s. That was what was sitting on the right hon. Gentleman's desk. Why do we not have that evidence before us, so that we can have a balanced debate?

Frank Dobson: They were wrong then and they are wrong now.

Mr. Kevin Barron (Rother Valley) (Lab): The Smee report did say what the hon. Member for Hemel Hempstead (Mike Penning) said, but it also said that people smoke or not depending on whether they have positive or negative attitudes to cigarettes. Surely advertising gives them positive ones.

Frank Dobson: I thank my right hon. Friend.

My new clause 6 would force the tobacco industry to disclose all the information about its scientific and market research. At present, the people with a duty to promote public health, which includes the Government—and, one would hope, the Opposition—as well as Parliament, are continually playing catch-up with the latest scam that the tobacco industry has come up with.

Tonight, we have measures to try to cope with vending machines and displays, which are increasingly used for promotion. I propose that we allow people and organisations with a duty to promote public health to get ahead of the game. If we are to do that, we have to recognise what the tobacco companies really are. It is no good pretending that they are anything else—they are merchants of death. That is not an exaggeration.

7.30 pm

Philip Davies: Will the right hon. Gentleman give way?

Frank Dobson: No, I shall not.

On 7 July 2005, five suicide bombers committed a monstrous outrage in this city. Most of the people who died were killed in the two outrages in my constituency. Fifty-seven people were killed. On an average day in this country, the tobacco industry kills more than 257. It did not just do that on 7 July 2005, but on every day of the year, and it continues to do it. That is the scale of the problem that we face. Smoking is the principal source of avoidable death in this country, and anybody who takes the issue seriously should support anything that we can do to combat the promotional activities of the tobacco industry.

I am concerned for the little corner shop, but I am also concerned for the lungs of everybody who goes into it and of those who do not go into it. That is why, although my proposal is not popular with some people, I hope that it will have the Government's support. Someone has mentioned my time as Health Secretary, and I proposed to the then Prime Minister that we introduce a similar measure, but he refused to do so. However, I am still sticking with it and I hope that the House will stick with it. I hope that we will continually expose just what the tobacco industry is up to in its efforts to make profits at the expense of the health of the people who use its products.

Sandra Gidley: The Liberal Democrats have tabled new clauses 4 and 7, but I want to start by talking about new clauses 1 and 4. Before I do, however, it might be worth clarifying one point. The Minister said that all Members of Parliament had been e-mailed the tobacco regulations. I have just checked my e-mail, and they were sent at 4.15 pm. Bearing in mind the fact that we all thought that the debate would start at 3.30 pm, it really is unacceptable that the e-mail was sent out after the planned time for the start of the debate. That gave us no chance to incorporate any comments that we might have had on the regulations. I do not know whether that was a result of the Minister's direction, or lacklustre behaviour on the part of Department of Health officials. Perhaps the Minister can clarify whether that was when the e-mail was supposed to go out.

Mr. Deputy Speaker: Order. I am reluctant to intervene on the hon. Lady, who is talking about e-mails, and they are of course important in this day and age, but the key places for these regulations to be, I am afraid, are in the Library and the Vote Office, and they are still not there at the moment.

Sandra Gidley: Thank you for that clarification, Mr. Deputy Speaker. I was just elaborating on the Minister's comments.

New clauses 1 and 4 have the same ends—to bolster this rather feeble legislation and to make it into something a bit more meaningful. We are used to eye-catching initiatives from the Government, but the tobacco display ban is probably the first example of a non-eye-catching gimmick. The ban is a gimmick, and I speak as someone who regards themselves as a bit of a tobacco health fascist. I do not like the tobacco industry. I do not like anything it stands for. I have seen at first hand what tobacco has done to close relatives. One has only to go out the back door of any hospital to see people who can hardly walk but who have managed to stagger outside for their life-destroying cigarette. There is a problem.

Ultimately, however, I am also a scientist and a Liberal, and we are talking about an adult product. The ban has been touted as a means of reducing smoking among the under-aged. If I felt for one moment that it would do that, I would support it, but it does not, so I will be supporting provisions to remove it. As I said, we are talking about an adult product that is sold to adults.

It is rather disappointing, therefore, that the Government resisted attempts to introduce amendments in Committee to ban proxy sales of tobacco. A variation on new

clause 1 was tabled in Committee, but the Minister rejected it. She outlined some interesting statistics from a tobacco smoking survey carried out in 2006—before the age for smoking was increased. She referred to 11 to 15-year-olds, 34 per cent. of whom bought from a shop, a fifth of whom were given cigarettes by friends, a tenth of whom were given them by family members and 18 per cent. of whom often bought them from other people. She claimed that the Conservative provision we were speaking to would not solve the problem, and she cited a number of incidences in which the proposed law could not be used.

I therefore drafted new clause 4, which is based on the legislation that the Government use to prevent proxy sales of alcohol. This may be naive of me, but I assumed that the alcohol legislation is fit for purpose and that the Government would want to support a provision based on their legislation on another issue. The only reason not to support new clause 4 would be a lack of Government will to tackle the problem of proxy sales. I am told that even the tobacco retailers would not object to a provision along the lines that I propose. Whatever we might think of the product, a vast majority of retailers want to be responsible retailers. On this occasion, therefore, I hope that the Minister will not reject my proposals, because there would seem to be no reason to do so.

New clause 6 is an interesting provision, which would ensure disclosure of tobacco industry promotional research activity. We have just heard an impassioned speech by the right hon. Member for Holborn and St. Pancras (Frank Dobson), which clearly explained the reason behind the new clause. In 2000, the Health Committee produced a report that set out in great detail some of the methods used to promote and increase tobacco sales. The current Committee, in its inquiry on alcohol, has uncovered similar devices and actions, which are quite shocking. Other supporters of the new clause will probably regale us with more detail, and I shall leave that to them so that more people have time to speak.

I hope that commercial confidentiality is not thrown at us as a reason for not introducing my proposal. Unless information has to be provided in a very short time span, commercial confidentiality is simply not an issue. There is no detail about time scales in the legislation, so they will presumably be left to regulations. It might be helpful if any Members who are still to speak in support of the provisions could set out a time line for how they perceive the proposed openness working in practice.

New clause 7 is an attempt to go further into the issue of plain packs. In Committee, I introduced an amendment that would require all cigarettes to be sold in plain packs. That may have been a little bold for some, and I would probably be a little inconsistent if I demanded an evidence base for a display ban when there is little evidence base as yet for plain packs. However, I instinctively feel that they must be a good idea because the tobacco manufacturers seem to hate the idea with a passion.

New clause 7 requires the Secretary of State to consult stakeholders within six months of Royal Assent on regulations for the restriction or prohibition of branding on all tobacco products, thus potentially providing the first opportunity to introduce plain packaging for tobacco products anywhere in the world. It is now recommended as an issue for consideration under guidelines for the World Health Organisation's framework convention on tobacco control—and I am sure that hon. Members will be aware that the UK is a signatory to that accord.

We need to put the new clause into the context of the health arguments and how the tobacco industry has systematically utilised and evolved the tobacco packet with the very intention—deliberate or otherwise—of undermining the regulations that sought to inform people and protect them from tobacco. We know that smoking kills one in every two of its long-term users and that smoking is an addiction of childhood, with 80 per cent. of smokers having started by the age of 19. There is also a crucial health inequalities aspect to smoking that cannot be ignored. We know that smoking is the single most important factor in health inequalities and accounts for half the difference in life expectancy between social classes 1 and 5, which is very disheartening. I shall return a little later to the role of tobacco packaging in exacerbating health inequalities. First, I would like to address the tobacco control context surrounding the new clause.

The Tobacco Advertising and Promotion Act 2002 prohibited the vast majority of tobacco advertising, promotion and sponsorship, which meant that the rules of the game had changed. The tobacco industry was forced into thinking how it could be a little cleverer and refine how it interacted with its users and potential consumers. One of the prime mechanisms for interacting with consumers is now through the cigarette packet itself, which is effectively used as a badge product. Although smokers may not be familiar with the concept of cigarette packets as badge products, they will be more familiar with the notion that the tobacco industry is seeking to evoke—that their brand of cigarettes reflects their identity, personality and character.

Given such priming to personalise a smoker's relationship with the brand they smoke, it is not surprising that most adults exhibit strong brand loyalty. More than 90 per cent. of smokers have already decided which brand to buy before they walk into a shop. The tobacco industry is aware of what it is doing. A Brown & Williamson employee stated in 1995 that

"if you smoke, a cigarette pack is one of the few things you use regularly that makes a statement about you. A cigarette pack is the only thing you take out of your pocket 20 times a day and lay out for everyone to see. That's a lot different than buying your soap powder in generic packaging."

That may well have been before mobile phones became the accessory to have, but this issue is worrying from a health inequalities perspective. Roper and Shah found that children, particularly those from deprived backgrounds, are especially attracted to tobacco brands. Once again, the supposedly glamorous issue of smoking is being supported through a branding infrastructure.

Since 1998, the tobacco industry has sought to increase the number of brands, with the dual purpose of increasing their impact through taking up more space on the shelves while also increasing their share of the market. Benson & Hedges, for example, has increased its brand family from four in 1998 to 12 in 2008. Another function of branding is to distract from the health warnings on cigarette packets. Since January 2003, all cigarette packets have had to include a written health warning and, by 1 October 2009, a picture warning. One might wonder about the tobacco industry's response. Well, some brands actually incorporate the colours of the health warnings into the design of the pack.

[Sandra Gidley]

It is of course illegal for tobacco manufacturers to say that their cigarettes are "low tar" or "light" or imply that they are less harmful than other brands. The fact remains that cigarettes contain more than 80 cancer-causing substances. Now the manufacturers use the branding and colour scheme of the pack to imply distinctions, through colours such as silver and white. For example, research by Ann McNeill at Nottingham university and other partners found that

"products bearing the word 'smooth' or using lighter coloured branding mislead people into thinking that these products are less harmful to their health".

Let me provide a practical example in case anyone does not believe me. This research found that

"compared to Marlboro packs with a red logo, cigarettes in packs with a gold logo were rated as lower health risk by 53 per cent. and easier to quit by 31 per cent. of adult smokers".

Consumers are deliberately being led to make distinctions between products that are essentially identical and, crucially, do not have any differential health benefit or impact.

7.45 pm

What could be the impact of plain packaging on tobacco products? Well, it would deglamorise them. Studies by Wakefield et al have found that plainer tobacco packaging can make the product seem "dull and boring". Indeed, without all the branding, what do these packets become? They become simply containers of tobacco products, rather than a brand for a smoker to build a relationship with. Such a move would be seriously fought by the tobacco industry, and it is already on their radar.

Mr. Slaughter: The hon. Lady is talking persuasively about the effect of packaging and how it influences people. Ann McNeill and others have said that it is precisely the "power wall" of display that influences people, yet the hon. Lady is against doing anything about that.

Sandra Gidley: The difference is that tobacco is an adult product, so there is no reason not to display it. I shall come on to that issue later. There would not necessarily have to be a display ban here, as the new clause might make the display much less attractive by making the package less attractive. There are examples of packages designed to attract women, who may like the package because it is sparkly and attractive, so they want to get their hands on it. This links in with addiction, as these types of packet are attractive in a way that the plain packets are not.

Judy Mallaber (Amber Valley) (Lab) *rose—*

David Taylor *rose—*

Sandra Gidley: I am going to carry on as I have almost concluded my remarks.

The argument against plain packs is that they make it easier to counterfeit tobacco products, but it is difficult to distinguish between counterfeit and existing packs in any case, and there are covert markings on most packs, which could be incorporated into the plain type. The new clause is designed to ask the Government only to consult on the matter and properly to investigate it. It does not force them to adopt the proposal; it only asks them to give serious consideration to it. If we truly want to address the problem, we need to look at a range of solutions.

Amendment 1 would leave out clause 21, which introduces the display ban. I have already commented that tobacco is an adult product. I have seen no convincing evidence that this provision will reduce under-age smoking. Under-age smokers get their cigarettes mainly from other sources. If the Government were serious about cutting off supply to younger people, they would support one of the proxy sales amending provisions.

The impact on retailers was mentioned as an important consideration, but many retailers I have spoken to view it as almost inevitable that with stronger and stronger smoking control measures, their sales will drop. They fear that the drop will be sudden, although I am not entirely convinced of that. Not all retailers feel the same way, however. It was interesting to receive an e-mail from someone who had recently visited Ireland, where he saw the impact of legislation. He felt that the legislation had forced small retailers to think creatively about other products they could sell to increase footfall.

Christopher Fraser: Does the hon. Lady accept that a figure of between £1,850 and £5,000 is far too much for a small retailer to bear?

Sandra Gidley: In some cases the costs are borne by the tobacco manufacturers. I think there is some evidence that the figures we were given originally showing the impact on small retailers were lower than the real figures. There is a fair amount of disinformation.

Let me read out what the gentleman to whom I referred said. Members can make up their own minds about it, but I thought he made an interesting point. He said, "There are very small margins on tobacco products in the UK and Ireland, yet they currently take up a lot of display space in most shops. Banning displays would create a level playing field and mean that I could use that display space for healthier products which will give me a healthier profit." I thought that a very enlightened attitude, but it brings me back to the cream cakes. Sadly, healthy products are not necessarily that "must have" purchase. They may not be an impulse purchase, but people do not go out of their way to acquire them.

Amendment 16 seems to make a compromise by allowing a smaller display. I find that an interesting proposal. It treats the product as an adult product that people can still buy without restriction, but it minimises the impact of the display from the manufacturer's point of view.

Lembit Öpik: I am grateful for my hon. Friend's provisional support for the amendment. Does she agree that it resolves the issue raised earlier about "power walls"? If the allocation is 1.5 square metres and that is it, the power wall argument is dissolved, with no loss of the civil liberties and the economic potential that newsagents are still worried about losing.

Sandra Gidley: I agree. I felt that the amendment provided a very neat compromise. It would be interesting if we could put it to the vote, because it would potentially keep those on both sides of the argument happy.

Dr. Pugh: None of us has any problem with indications that tobacco is available as a lawful product. What we are all against are indications that it is an attractive product, and amendment 16 goes some way towards addressing that. Does that not go to the heart of the matter?

Sandra Gidley: Yes.

I hope the House will excuse me if I say a little about vending machines. I have tried to be brief in dealing with matters raised in other amendments. A significant proportion of children buy their cigarettes from vending machines, and here the Government have again been very timid. No other age-related products can be sold in the same way. I shall leave it to those who tabled the amendment to present their arguments, but there is widespread support for the banning of such vending machines, and I feel that the Government are behind the curve in this respect.

Amendment 17 supports a sentiment first expressed by my hon. Friend the Member for Leeds, North-West (Greg Mulholland), who suggested on Second Reading that a compromise might be to restrict vending machines to premises to which only those over 18 had access. I am not sure how practical that is—I do not know whether clubs for over-18s can employ 16-year-old cleaners—but it is an interesting attempt.

The Government have chosen a single eye-catching initiative in an attempt to show that they are doing something about tobacco control. They have chosen the wrong measures, however, and I hope they will listen seriously to what is said about some of the amendments tabled by both Opposition and Labour Members, which in my view would do much more to control tobacco use than the path they have chosen to pursue.

Mr. McCartney: I owe the House an explanation. Because of the complexity of some of the new clauses and amendments that we are discussing and the overlap in what we are attempting to achieve, I shall pursue amendments 5 to 8, relating to clause 22 and England and Wales, and amendments 11 to 14, relating to clause 23, which deals with Northern Ireland. I am assured by my ministerial colleagues that if the amendments that I am pursuing are accepted, that will ensure that cigarette vending machines are put out of order for good to help to protect the future health of our children. I ask all Members not to find a way of frustrating the will of the House, but to find a way of ensuring that future generations of children do not die unnecessarily as a result of cigarettes purchased from vending machines.

On 8 June, on Second Reading, I presented what I considered to be an evidence-based and compelling case for an outright ban on cigarette vending machines. I implored my right hon. Friend the then new Secretary of State

"to be brave and not to take heed of those who claim that this would be a regulation too far."—[*Official Report*, 8 June 2009, Vol. 493, c. 604.]

I hope that that is exactly what he and his colleagues will do in the Lobby tonight.

My amendments test the resolve of the House in attempting to close an outrageous loophole in safeguards intended to prevent tens of thousands of children from illness and premature deaths in the years to come. We require the Secretary of State to regulate to prohibit the sale of tobacco from vending machines. Why do we need to do more? Smoking is an addiction of childhood, not an adult choice. Members may come here tonight and argue that it is to do with adult choice, but it is no such thing. More than 80 per cent. of people who start smoking before the age of 19 are hooked by then, and each year in this country people start smoking when they are as young as 10 or 11. Each year, 340,000 children in Britain start smoking, and are addicted well before they reached the age of 19.

However, it is not just a question of addiction. Members spoke earlier about the human carnage. Each year, the industry secures more than 100,000 new recruits who are not adults but children as young as 10. If the industry is to survive, it must replace the adults whom it kills—and it can do that only by replacing them with children. Tragically, year after year in my constituency and in the north-west of England as a whole, 14,000 of my fellow adult citizens die prematurely. People my age and younger will never see their children leave school, and will never see their grandchildren grow up. Why? Because they became addicted to smoking as children, and lose their lives because of it.

Tobacco is still the only product in Britain that can be sold legally which routinely, as a matter of course—daily and recurrently—kills and injures its consumers. Do not tell me that we cannot have choices! For too long the choices have been left in the hands of the tobacco industry, and they all end up as one choice: for families to watch debilitating diseases overcome their loved ones. My friend John Tiernan, who was diagnosed with cancer of both lungs at the age of 30, started smoking at 11. By the age of 31 he was dead, leaving a widow and two young children. John is not unique as a friend. We all have friends and family members to whom similar things have happened.

Smoking is the biggest health inequality indicator, accounting for 50 per cent. of the difference in life expectancy between working-class and middle-class citizens. Why? Because of its deleterious effects on our constituents.

Philip Davies: I am well aware that there is no problem that the right hon. Gentleman does not think can be solved by the nanny state, but if he is so passionate about the issue, why has he not tabled an amendment to ban smoking altogether rather than using the guise of restriction? Why does he not have the courage of his convictions, if that is what he really believes?

Mr. McCartney: If the hon. Gentleman is such an apologist for the tobacco industry, perhaps he would like to apologise to the House for the most distasteful remarks I have heard in the Chamber in 23 years. When we are trying seriously to defend the interests of young children from the effects of tobacco smoking, all that the hon. Gentleman can produce is a quip which is not worthy of response other than this: I have given you 100,000-plus reasons why every year we should ensure that this product does not get into the hands of our children. I will give you 340,000 reasons—

Mr. Deputy Speaker: Order. I am sure that the right hon. Gentleman remembers the correct way in which to address other Members.

Mr. McCartney: I realise that I should not use the word "you". I could call the hon. Gentleman "comrade"; I could call him "the best of mates". I could call him a

[Mr. McCartney]

host of things, but I thought "you" was as neutral a word as I could use in the moment. I do apologise, however. I am making this point to the hon. Gentleman: learn and grow up. He should realise that today in his constituency he has constituents who are dying prematurely because of the tobacco industry.

8 pm

Yesterday, I attended a conference of 100 young people in Chester, many of them smokers. They took a vote and they asked me to tell the House tonight. Nine out of 10 of them voted to have a strict ban on vending machines. Young people are speaking up and speaking out, and two thirds of smokers argue that there should be a ban on vending machines. Why? Because vending machines are almost exclusively used by children.

Vending machines are a danger; they are a loophole. This country rightly took the decision to secure a rise from 16 to 18 years for the age at which children and young adults can buy cigarettes. There is a reason for that: by the age of 19 more than 80 per cent. of young people who have started smoking are addicted to smoking. Yet that ban has been undermined by the industry through the use of vending machines. Children use these machines on a daily basis in disproportionately high numbers; tens of thousands of children, some as young as 10 and 11, are using vending machines, when the overwhelming majority of this country's citizens say young people should not be able to buy cigarettes until the age of 18. Vending machines are not just a loophole; they are a death trap to the next generation of young people, who will be captured by an industry that needs them to replace the adults it is already killing on a daily basis.

I ask my colleagues to support the amendments. I could say much more, but other Members wish to speak so I will let later contributors add to my remarks. The evidence is overwhelming: if we do not get rid of vending machines some people will consistently undermine the 18-years-of-age ban. We know from all the professional surveys done so far that in pubs, clubs and wherever else vending machines are located, people as young as 11, 12, 13, 14 and 15 can access those machines with impunity. Therefore, the only safe way of dealing with this issue is to ban vending machines once and for all, and with this ban we will take another step down the road of making Britain a smoke-free nation. With that, tens of thousands of our fellow citizens will be able to grow up, see their children and grandchildren grow up, and see their grandchildren's children be the best they can be. If that is all we can do in this House tonight, please let us do that; let us save the next generation of children from diseases of the heart and cancers. We owe that to them; let us vote for this measure.

Philip Davies: I intend to speak only briefly as I know that other Members want to contribute and time is limited. There are a few points I want to make however, largely in response to the points made by the right hon. Members for Holborn and St. Pancras (Frank Dobson) and for Makerfield (Mr. McCartney) who were basically prime advocates of the nanny state, which has done so much damage in this country over many years.

The sanctimonious tone of the right hon. Member for Holborn and St. Pancras was rather hard to swallow as he was part of a Cabinet that decided to make an exemption on tobacco advertising for Bernie Ecclestone. There was the right hon. Gentleman saying he was speaking up for the poor and that he has something against all these big, nasty, wicked rich people, when in the past he languished in the Cabinet having defended the interests of one of the richest people in the world. So we do not need to take any lectures from him about rich people benefiting from tobacco marketing.

Frank Dobson: Will the hon. Gentleman acknowledge that we banned advertising and promotion?

Philip Davies: Well, I am glad that the right hon. Gentleman is happy with his position at the time on that issue.

The point here is twofold. The right hon. Gentleman's argument about the misery of tobacco contained one fatal flaw, which is that tobacco is bought by adults. It is a product for adults; that is the law in this country. He does not seem to agree with the concept of choice. Many Labour Members seem basically to have the mindset that they have come into Parliament to do one thing and one thing only: to ban everybody else from doing what they themselves happen not to like, rather than to allow people a free choice and to make up their own minds.

Judy Mallaber: Does the hon. Gentleman not accept that one person's choice to smoke affects other people's choice not to smoke? One person's freedom stops at my nose when it comes to smoking. Although in this instance we are concerned particularly about young people, does he not accept that one person's choice affects others' freedoms?

Philip Davies: No, I do not. We are getting slightly off the mark here, but the hon. Lady has the freedom to take her nose somewhere else if she does not like what she is smelling. That is the whole point of freedom and choice.

We have heard from the right hon. Member for Holborn and St. Pancras that he is the friend of the small retailer, and that he thought that the only people who would suffer from banning the display of tobacco at point of sale would be those in some of the biggest companies in the world. As somebody who worked for one of those big, nasty supermarket chains for 12 years before entering Parliament, I can tell him that cigarette sales are a very small proportion of their income and certainly a very small part of their profit margins. The proposal will not have any major impact on Tesco, Asda or any of the other companies that he seems to have in his firing line. The people who will be fundamentally affected are small retailers. The big supermarkets can afford to change their displays and the way that they display products. It is the small retailer who cannot. I hope that the right hon. Gentleman does not go around pontificating to his small businesses on how he is so supportive of them and wants everybody to shop at their local shops, when he is trying to introduce a measure that would do more damage to small newsagents than anything else he could imagine.

Lembit Öpik: Adding to that observant point, does the hon. Gentleman agree that, as the large retailers can afford to change their displays and small retailers cannot, those who are addicted to tobacco will be driven to larger shops not just for their cigarettes but for other

things as well, therefore achieving exactly the opposite of the intention of the right hon. Member for Holborn and St. Pancras (Frank Dobson)?

Philip Davies: The hon. Gentleman is absolutely right, and I hope Labour Members will take that into account.

Christopher Fraser: Further to that point, such small shops are very often in villages in constituencies such as mine, where the local services such as post offices have gone and they are therefore the last port of call for villagers to buy what they require. If they go out of business as well, the villages will die.

Philip Davies: My hon. Friend is absolutely right.

The main point is that this should not be billed as the tobacco display restriction or ban. The Government should be promoting this measure as, "We think the public are thick" because in effect they are saying that people will buy cigarettes only if they are on display and that they will not buy them otherwise—that if they are on display people will think they therefore must be an attractive product and will buy them. That is a completely false premise. People have a choice as to whether they want to buy them. I am perfectly prepared to trust my constituents to make these decisions for themselves. I trust them to be able to decide for themselves whether they want to buy a packet of cigarettes. They do not need the Government telling them what they can and cannot do, and what they can and cannot see when they go shopping.

This is the nanny state gone mad. Everything that the Government do always has at the back of it this: that they know better than the public who elected them. I do not see why they have such little faith in the public when they stand for election hoping that people will choose who to vote for, yet they cannot even allow them to make a choice as to how they buy a particular brand of product. On every conceivable level this proposed ban is wrong, because it goes against the principle of individual responsibility, free choice and people making their own decisions, and it will have a very bad effect on small shops.

Tom Levitt (High Peak) (Lab): The hon. Gentleman began his remarks by saying that he accepted that smoking should be an adult pastime. Does he accept that banning cigarette machines may push consumers from that unsupervised sale towards a supervised sale in small shops, and that therefore the only people who would be deprived of the chance of buying them would be the under-age children who should not be buying them in the first place?

Philip Davies: No, I do not accept that because, again, the premise is wrong. That basically presumes that everybody who buys cigarettes from a vending machine is a child, but that is clearly palpably ridiculous.

I might add that we were talking about the future of local shops, but one other serious issue we ought to face up to is the problem of local pubs. Many local pubs have gone out of business over the last few years, not least because of the ban on smoking supported by so many Labour Members who have helped the small pubs in their local communities go to the wall. About 50 pubs a week are closing down. Lots of Labour Members doubtless argue that they want their local pubs to thrive, but taking the vending machines out of pubs—places that, again, are largely inhabited by adults—will not make a blind bit of difference to under-age smoking and will have a huge impact on local pubs.

Angela Watkinson (Upminster) (Con): The purpose of these bans might be to deter under-age smoking, but does my hon. Friend agree that the main responsibility for ensuring that children do not smoke lies with their parents? They should know where their children are, what they are doing and how much money they have to spend unsupervised.

Philip Davies: I have great respect for my hon. Friend's opinions and on that, as on so many other things, I agree with her entirely. The whole principle of the nanny state is wrong, but even if one were to think that it is a good thing, one would find that in other countries such a ban has been shown not to have the effect that the Government would like it to have. For example, after years of decline in the level of under-age smoking in Canada, among 15 to 19-year-olds smoking has remained the same or has increased in five of Canada's eight provinces since the ban was implemented. Whereas there had been a fall in the number of young people smoking in Canada before the ban, in five of the eight provinces there has since been either no reduction or an increase. This measure has been shown not to work.

In Ireland, the introduction of a ban has only made the black market worse; for the first time in Ireland, illegal products have been found in traditional retail outlets. That evidence from so close to home surely shows that these concerns are justified and should be taken seriously. Even if one accepts that telling everybody what they can and cannot do, where they can and cannot shop and what they can and cannot see is a good thing, this ban has been shown in other countries to be a complete waste of time. This measure is a perfect example of the Government thrashing around to try to do something—to look as if they are doing something—even if what they do will make no difference or do great damage to local businesses and shops.

The right hon. Member for Holborn and St. Pancras made the point that the tobacco companies would be able to pay for all the changes required by retailers in their shops, but I must tell him that in Ireland that is not the evidence from most retailers. Well over half the retailers there got zero help from the tobacco companies to pay for their displays and some 75 per cent. of the smallest shops of all—newsagents—had to pay the full cost themselves. There is no evidence that all these costs will be met by the tobacco companies.

Frank Dobson: The hon. Gentleman makes my point: the people running the tobacco companies, who are fabulously wealthy, both individually and corporately, are a set of greedy, grasping people who have no concern at all for the small retailers who sell their product. If they did care about them, they would be willing to make all the necessary changes.

Philip Davies: It is not sensible, in the current climate, for any Member of Parliament to accuse anyone else of being greedy and grasping; I am not sure that there would be much public support for an MP calling anybody else that in the current climate. The right hon. Gentleman criticises tobacco companies for being wealthy, but they have lots of money only because they have sold legitimate—legal—products to people who have bought

[Philip Davies]

them as a result of their own choice. He might not agree with people's decision to smoke—I do not smoke and I do not particularly like going into smoky places, but I believe in freedom of choice—but they should be respected if they decide to spend their hard-earned money on cigarettes. If that is what people wish to do, they should be free to do so—they do not need him lecturing them.

Mr. McCartney: The hon. Gentleman has said much about the nanny state and he has said that there is no problem with smoking, full stop, because it is legal. If he believes that, why does he not have the courage of his convictions? Why does he not start smoking and see where he gets to?

Philip Davies: I knew it was a mistake to give way to the right hon. Gentleman and I shall treat that intervention with the contempt that it deserves. This issue is all about choice. I choose not to smoke but I perfectly respect people who choose to do so, because that is their choice. He has just proved to me what I said from the word go: that he comes into Parliament to try to ban everybody else from doing all the things that he does not like. That is not a good basis on which to pass laws.

8.15 pm

I shall conclude my remarks, because I know that others wish to speak, but I urge the House not to allow yet another triumph for the nanny state and for intolerance. I have seen such triumphs time and again since I was elected. If Labour Members want to ban tobacco altogether—that seems to have been the basis of their argument—they should at least have the courage to come to this House to argue for what they really believe in and face the consequences. They do not do so because they are scared of public opinion on that issue and instead come along with weasel tactics in order to try to stop people from doing something that they do not like. To be perfectly honest, I have had enough of this nanny state and I hope that the House will show tonight that it has too.

Gillian Merron: I have listened closely to the debate and know that all hon. Members want to prevent young people from taking up smoking and to support smokers who want to quit. Clearly there are differing opinions about how we best do that, but the case for action, to which this Bill gives effect, is compelling. We know that smoking is the single biggest cause of preventable illness and premature death in England. Smoking kills more than 80,000 people each year—that is the equivalent of wiping out nearly the entire population of Durham, and it is more than the number who die from suicide, alcohol, road traffic accidents, illicit drugs and diabetes combined. Smoking is the primary reason for the gap in life expectancy between rich and poor. The Royal College of Physicians tells us that smoking is positively associated with more than 40 diseases, and the list continues to grow. We also know that in 2007, nearly 200,000 children between 11 and 15 were already regular smokers. Some two thirds of current and past smokers say that they started smoking regularly before they were 18.

The measures contained in the Bill are part of the wider fight against smoking. Since 1997, the Government have banned tobacco advertising, raised the age of sale to 18 and introduced hard-hitting picture warnings on cigarette packets. Research shows that the decision in 2007 to go smoke-free is now supported by more than 80 per cent. of the population. Since 1997, our actions on smoking have resulted in 2 million fewer smokers—that is a 25 per cent. reduction. In the past decade, more than 70,000 lives have been saved by local NHS stop smoking services, yet about one in five people still smoke, with the highest concentration in the most disadvantaged communities and groups.

Joan Walley (Stoke-on-Trent, North) (Lab): Is my hon. Friend aware of the concerns of the NHS in Stoke-on-Trent, particularly in respect of the very high number—the figure is well above the national average—of 11 to 16-year-olds who classify themselves as regular smokers? Does she agree that it is right that this Government should do all they can to reduce smoking, including among young people, and that we must go even further than the measures in the Bill?

Gillian Merron: I agree with my hon. Friend that we should do all we can. A consultation that we undertook last year attracted almost 100,000 responses, and I shall be publishing the new national tobacco control strategy later this year. I am sure that my hon. Friend and her constituents will be interested to see what is in it.

Amendment 1, as tabled by the hon. Members for Hemel Hempstead (Mike Penning) and for Eddisbury (Mr. O'Brien), would prevent the prohibition of tobacco displays. Since clamping down on advertising and marketing, the tobacco industry has found other ways to recruit new smokers, including the promotion of tobacco at the point of sale. We have seen larger displays, illuminated cabinets, branded clocks and locked towers, which serve no practical purpose, other than promoting sales.

Evidence backs our focus on ending tobacco displays, as demonstrated by a letter in *The Times* today in support of the provisions in the Bill, backed by the British Lung Foundation, the British Heart Foundation, Cancer Research UK, the British Medical Association and Asthma UK. It states:

"There is strong evidence—backed by the World Health Organisation and other leading medical experts—that these measures will help to stop children smoking."

Several hon. Members *rose—*

Gillian Merron: I will take some interventions, but perhaps it would be helpful if I set out a few more points that I think will help the debate.

This morning, I received a letter from my counterpart in the Irish Government, who wanted to make it clear that the introduction of similar measures on display in Ireland was successful: no prosecutions have been carried out, compliance has been good and there is no evidence of any increase in illicit cigarette sales. In fact, initial results from research on the impact of the Irish legislation are striking. They show that since the law came into effect in July, public support for tobacco control has grown from 56 to 68 per cent., far fewer young people recall seeing tobacco packs in shops, and the number of under-age people who thought they could successfully buy cigarettes decreased from a third to a quarter. Point-of-sale advertising directly affects young people's smoking. Studies show that tobacco marketing generates new smokers, that young people are receptive to tobacco advertising and that promotion undermines the efforts of those who want to quit.

I appreciate that there has been much debate about the evidence to justify removing displays, which is why I invited all hon. Members to the meeting I held earlier so that we could hear from experts what the peer-reviewed evidence shows. I am confident that there is convincing publicly available evidence—from Canada and Iceland as well as from Ireland—to justify removing tobacco displays. Cancer Research UK, in summarising much of the relevant publicly available evidence, tells us that there is clear evidence that

"tobacco point of sale has a direct impact on young people's smoking"

and:

"Among established smokers, point of sale does not facilitate brand choice...it stimulates impulse purchases and undermines efforts of smokers to quit."

Christopher Fraser: The hon. Lady has stated that the Government hope that they will deter young people from taking up smoking, the logic being that a young person will see a tobacco display and as a result will be encouraged to smoke. If that is the case, why has the Department of Health's recent consultation on this issue ensured that youth smoking and tobacco advertising are not linked? There is no mention of it.

Gillian Merron: I am surprised that the hon. Gentleman makes that point. Perhaps he will be interested in the tobacco control strategy, which will be published later this year. It will make great efforts in this regard.

The Government strongly believe that we have a responsibility to do everything we can to prevent young people from becoming addicted to smoking and to support those who quit. However, I understand the concerns that have been expressed about the impact on small businesses in particular, which have recognised that sales are declining and that they must prepare for a future where tobacco sales are severely limited. We have been working closely with retail bodies such as the Association of Convenience Stores and the British Retail Consortium to develop the draft regulations and cost-effective practical solutions. I have been glad to meet the National Federation of Retail Newsagents and the Association of Convenience Stores, and I have listened to their concerns so that we can work together.

Mr. Slaughter: I thank my hon. Friend for the presentation that she arranged at lunchtime where ample evidence was displayed. A number of my hon. Friends attended, but not one Opposition Member did. Their protestations about there being no evidence are rather lukewarm. I found it more persuasive when I visited a constituent of mine, an independent retailer called Mr. Mahesh Patel, yesterday. He says that he welcomes the ban. He does not believe that it is costly and believes that it gives opportunities. As an independent retailer, he fully supports the fact that the Government are taking these measures.

Gillian Merron: I thank my hon. Friend's constituent for his support. This measure provides some opportunities that we have perhaps not heard much about.

The regulations are flexible and light touch rather than proscriptive. Perhaps I can reassure colleagues. Indeed, something did go amiss and a box of the consultation documents is sitting in the Vote Office. Unfortunately, no one realised that that was what the box contained. It seems like we have had a bit of a day of things that should have arrived at a certain time not doing so. However, the documents are certainly there.

Let me make it clear that retailers will be free to cover tobacco products as they see fit, provided that they cover the tobacco they stock. Examples of possible solutions can be seen in the material that I have circulated to Members.

David Taylor: Was the Minister as shocked as I was by the deliberate exaggeration of the costs that we heard from the Opposition early on in the debate? To put a few doors on displays and flaps on shelves surely costs only £100 or £200. We have heard estimates of £10,000 or £1,800. Those figures are designed to frighten newsagents and others. It cannot be true, and I hope that she will lance that particular lie.

Gillian Merron: I would always rather deal in facts. My hon. Friend is quite right about the reality of costs. The estimate from Canada that we are using is something in the order of £450, but that includes fitting and shipping. I would expect to see British innovation and I would also expect the solutions, which are completely flexible, to be used first by the larger shops, so that the smaller shops will be able to benefit from them.

Lembit Öpik: The Minister says that she has consulted the National Federation of Retail Newsagents. She will know, therefore, that its national president, Suleman Khonat, has said that many international cases show that removal has no effect. He also said that it will have a damaging effect on business. Has she considered the proposals in amendment 16? It seeks a compromise of a maximum surface area of 1.5 square metres for the advertising of cigarettes and tobacco products, therefore overcoming the problem of the power wall while at the same time respecting the almost insuperable costs that have been associated with many small newsagents' shifting to the new regulations, which, I stress, none of them have seen, I have not seen and most Members of this House have not seen.

Gillian Merron: I have of course considered amendment 16, tabled by the hon. Gentleman, and I hope that he will not press it to a Division. Display, partial or full, constitutes promotion and allowing any display, as permitted by that amendment, would effectively allow tobacco promotion to continue.

Let me attend to more of the concerns—

Julie Morgan (Cardiff, North) (Lab) *rose—*

Mrs. Madeleine Moon (Bridgend) (Lab) *rose—*

Gillian Merron: I will give way if my hon. Friends give me a moment.

It has been suggested that removing the display of tobacco would impact on business by reducing footfall trade—that is, the sale of other items to customers who come to buy cigarettes. By definition, by the time that a customer is in the shop their foot has already fallen. Of course, the provisions in the Bill will apply equally to all tobacco retailers.

Julie Morgan: I was able to visit Ireland with Action on Smoking and Health just before the new law was introduced there. Does my hon. Friend agree that it has been introduced in a pain-free way, that most of the costs have been paid by the tobacco manufacturers and that businesses have not suffered?

Gillian Merron: I agree with my hon. Friend and thank her for making that point.

Mrs. Moon: I attended a meeting with the Porthcawl cancer research campaign. The group gave me a petition collected from across the town, which said very strongly that people wanted the removal of tobacco advertising displays from our shops. It felt very strongly—it consisted of a group of smokers, ex-smokers and non-smokers—that the temptation was there, especially for young people, and that is something that we must remove.

Gillian Merron: I am grateful for my hon. Friend's support on that point.

We are particularly aware of the way in which the economic climate has affected small business, which is why we will not commence this legislation until 2011 for larger stores, and 2013 for smaller shops. We understand, too, that smaller convenience stores replace their tobacco gantries every five years or so, and thus for many of them changes could be made in the normal cycle. I want to reassure the House, however, that we will keep implementation under close review, and we will monitor levels of compliance and the effect of the policy.

We are working hard to support the convenience store sector, recognising that local shops are at the heart of our communities and can support our public health aims. For example, the "Change 4 Life" scheme, which brings fresh fruit and vegetables to the fore in the most disadvantaged communities, has been so successful that some shops have chosen to fund themselves to join in. There is an opportunity for retailers to become an active part of a movement for better health, and I therefore urge the hon. Member for Montgomeryshire (Lembit Öpik) not to press his amendment.

New clauses 1 and 4 deal with proxy purchasing. We all agree that reducing children's access to tobacco is a priority, and I very much appreciate the intent behind the new clauses. However, creating an offence for proxy purchasing of tobacco would be difficult to implement and enforce. The new clauses would require proof of intent at the point of purchase, and proof of a young person asking an adult to buy tobacco on their behalf.

8.30 pm

Sandra Gidley *rose—*

Gillian Merron: Will the hon. Lady allow me to make the case?

That evidence would be needed to secure a conviction. While there has been a proxy purchasing offence for alcohol since November 2005, it is a difficult offence to prove, and the Home Office accepts that it is not being enforced as rigorously as we would like. I would also hesitate to place a new requirement on local authorities that would require them to observe shops and customers without significant benefits being achieved. Better enforcement of existing legislation is likely to be more effective than adding another offence that is difficult to enforce.

I would also like to make a technical point about the wording of new clause 4, which appears to have been lifted directly from the Licensing Act 2003, and speaks of members of clubs and tobacco consumption "on relevant premises". We know that smoking inside premises open to the public, including members' clubs, is no longer permitted under smoke-free legislation, so the wording will not work for the purpose for which it is intended.

Purchasing tobacco with intent to supply young people is only one small part of a wider, more complex problem. Children are given cigarettes that have not been specifically purchased for them, they pass them on to one another at school, and they get them from vending machines. Our new tobacco control strategy will set out our plans to tackle this complex problem. I can assure hon. Members that if it becomes clear that legislation would prove to be beneficial, I would indeed seek to make the case.

Sandra Gidley: Is the Minister saying that the Government's legislation on alcohol proxy sales is ineffective? Perhaps she could tell us how many prosecutions there have been if she is indeed saying that the policy has been such a failure that she cannot introduce similar mechanisms for tobacco?

Gillian Merron: As I have said, the Home Office has acknowledged that the legislation has not been as easy to enforce as it would like.

Mike Penning: The principle is exactly the same, and an identical piece of legislation has been proposed this evening. The 2003 Act is working, particularly in Cambridge, to which I alluded earlier. Where there is the will—people actually want to do it—it can be done. Running away from the fact that this is going on is not the answer.

Gillian Merron: We are not running away—we are saying that we are going to do better. I want to assure hon. Members that I very much understand the problem at hand. I urge them not to press their new clauses, and I look forward to the new tobacco control strategy, which will be far more comprehensive.

The provisions in the Bill seek to restrict or ban tobacco vending machines. The question before the House is how far it wants to go and how fast. These are finely balanced considerations which reflect the strength of feeling on this issue. To clarify, amendments 2 and 9 would compel the national authorities of England, Wales and Northern Ireland to make regulations on vending machines under clauses 22 and 23. It is not possible to accept amendments 2 and 9, which would change the wording from "may" to "shall", as the word "shall" would place a legal obligation on the appropriate national authority to regulate. The adoption of regulations would be subject to parliamentary approval. If Parliament or the relevant Assembly refused to approve any regulations that were laid, the appropriate national authority would be faced with a continuing obligation to try and make regulations, knowing that Parliament is unlikely to approve them. That would create legal uncertainty and the prospect of continuing legal challenge for not having made regulations.

Amendments 4 and 10, too, would create legal uncertainty, as the circumstances in which the powers could be used in those amendments are unclear. Amendments 17 and 18 seek to restrict the location of

vending machines to areas used by over-18s. In practice, matters are not so straightforward, as places that are for over-18s in the evening may be open to young people during the day. The remaining amendments tabled by my right hon. Friend the Member for Makerfield (Mr. McCartney) and by the hon. Member for Colchester (Bob Russell) would seek an outright ban on vending machines in England, Wales and Northern Ireland. The Government remain seriously concerned about young people accessing tobacco from vending machines. Currently they are the usual source of cigarettes for 10 per cent. of 11 to 15-year-olds who say they smoke.

We have heard a range of arguments about how far we should go to control access to vending machines. We know one thing for sure: the evidence for action is clear. The Government believe that we can place requirements on vending machines that will be effective, proportionate and deliverable in preventing under-age sales and balance the views of all concerned. However, I ask right hon. and hon. Members not to press amendments 2, 4, 9, 10, 17 and 18. On the remaining amendments, I note that my right hon. Friend may wish to test the will of the House.

New clause 6, tabled by my right hon. Friend the Member for Holborn and St. Pancras (Frank Dobson), would compel the Secretary of State to require all tobacco companies to release information about their marketing and research activities. I appreciate the sentiment behind the amendment, but before the Government could implement such a measure, we would need to consider carefully the burdens placed on business and Government alike, confidentiality, proportionality and, most importantly, its effectiveness. On balance, we cannot accept the amendment, so I ask my right hon. Friend not to press new clause 6.

New clause 7 would compel the Secretary of State to consult on the introduction of plain packaging requirements or restrictions on the branding on packaging. I have sympathy with the aims of the amendment. We have already stated that the Government will continue to keep tobacco packaging under close review. There is emerging evidence that branding and design of tobacco packaging may increase brand awareness among young people. The new strategy on tobacco control will consider a range of options for protecting children and people who smoke from misleading or promotional messages and packaging, and we will ensure that the evidence, which is still wanting, on plain packaging is further developed. On that basis, I ask the hon. Member for Romsey (Sandra Gidley) not to press new clause 7.

The Government remain committed to cutting preventable death and disease from smoking. I sincerely hope that the votes tonight will back us up in our efforts.

Mike Penning: We could have done with a lot longer this evening to debate these amendments and new clauses, but the crucial thing is that the will of the House is tested.

Question put, That the clause be read a Second time.

The House divided: Ayes 193, Noes 279.

Division No. 210] **[8.37 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Baldry, Tony
Barker, Gregory
Barrett, John
Bellingham, Mr. Henry
Benyon, Mr. Richard
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Bruce, rh Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Campbell, rh Sir Menzies
Carswell, Mr. Douglas
Cash, Mr. William
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curtis-Thomas, Mrs. Claire
Davey, Mr. Edward
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David
Dorrell, rh Mr. Stephen
Duddridge, James
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Gauke, Mr. David
Gibb, Mr. Nick
Gidley, Sandra
Godsiff, Mr. Roger
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harvey, Nick
Hayes, Mr. John
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Hoban, Mr. Mark
Holloway, Mr. Adam
Holmes, Paul
Howard, rh Mr. Michael
Howarth, David
Howell, John
Hughes, Simon
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kennedy, rh Mr. Charles
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Luff, Peter
Maclean, rh David
Main, Anne
Malins, Mr. Humfrey
Maude, rh Mr. Francis
McCrea, Dr. William
McGovern, Mr. Jim
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mulholland, Greg
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Öpik, Lembit
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence

Rosindell, Andrew
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Simmonds, Mark
Simpson, Alan
Smith, Chloe
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Taylor, Mr. Ian
Taylor, Matthew
Teather, Sarah
Tredinnick, David
Turner, Mr. Andrew
Vara, Mr. Shailesh
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Webb, Steve
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Williams, Hywel
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Sir Nicholas
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Angela Watkinson and Mr. Philip Dunne

NOES

Ainger, Nick
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Balls, rh Ed
Banks, Gordon
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gardiner, Barry
Gerrard, Mr. Neil
Gilroy, Linda
Griffith, Nia
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hamilton, Mr. David
Hanson, rh Mr. David
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoey, Kate
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Humble, Mrs. Joan
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jowell, rh Tessa
Joyce, Mr. Eric
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kennedy, rh Jane
Khan, rh Mr. Sadiq
Kidney, Mr. David
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Levitt, Tom
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr. Pat
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miliband, rh David
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Norris, Dan
O'Brien, rh Mr. Mike
Olner, Mr. Bill
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Lindsay
Ruane, Chris
Russell, Christine
Ryan, rh Joan
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Short, rh Clare
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew

Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, rh Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Straw, rh Mr. Jack
Stringer, Graham
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Dr. Richard
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Kerry McCarthy and Steve McCabe

Question accordingly negatived.

Clause 2

DUTY TO HAVE REGARD TO NHS CONSTITUTION

Mr. Stephen O'Brien: I beg to move amendment 19, page 2, line 3, at end insert

'and the core principles of the NHS.

(1A) The core principles of the NHS are that—

(a) the NHS provides a comprehensive service, available to all;

(b) access to NHS services is based on clinical need, not an individual's ability to pay;

(c) the NHS aspires to the highest standards of excellence and professionalism;

(d) NHS services must reflect the needs and preferences of patients, their families and their carers;

(e) the NHS works across organisational boundaries and in partnership with other organisations in the interests of patients, local communities and the wider population;

(f) the NHS is committed to providing best value for taxpayers' money and the most effective, fair and sustainable use of finite resources; and

(g) the NHS is accountable to the public, communities and patients it serves.'.

Madam Deputy Speaker (Sylvia Heal): With this it will be convenient to discuss the following: Amendment 15, page 3, line 6, clause 3, leave out subsection (2) and insert—

'(2) The Secretary of State must undertake a short review of the NHS Constitution within the first two years of operation and, thereafter, at least once in any period of 10 years the Secretary of State must carry out a full review (a "10 year review").'.

Amendment 20, page 4, line 9, clause 4, at end insert—

'(1A) The Secretary of State must revise the NHS Constitution in the light of relevant findings of the Care Quality Commission or the National Patient Safety Agency.'.

Mr. Stephen O'Brien: Sadly, because of the Government's raft of new amendments, we are rather pressed for time, so I shall be brief.

The purpose of amendment 19 is simple: it is to put the core principles of our NHS on to the statute book. As a concession to the Government, we offer them the core principles as they have most recently drafted them. The constitution itself has been not been considered by Parliament despite the fact that changes to it will be made by regulation, and it has been signed in a private ceremony by a Prime Minister who pledged to return power to Parliament. *[Interruption.]*

Madam Deputy Speaker: Order. Will Members who are staying for this debate please keep the level of their conversations down?

Mr. Stephen O'Brien: If the amendment reflects only current rights, it cannot create a lawyer's charter, as the Minister will try to suggest. By having its provisions safely on the statute book, we would leave ourselves no *Beano*-reading hostages to fortune, as with the European fundamental charter of human rights. It would put our NHS on an ever-stronger footing. If Labour Members do not follow us through the Aye lobby, that will make a profound point about their opinion of the principles in the constitution, their opinion of the constitution itself, and, by extension, their opinion of and commitment to our NHS.

Mr. Mike O'Brien: We are the party that introduced the NHS constitution. We certainly want to ensure that it sets out the guiding principles to the NHS, but not to turn it, as the hon. Member for Eddisbury (Mr. O'Brien) appears to want to, into exactly what he referred to—a "lawyer's charter". I use exactly the same phrase as he did because that is precisely what we need to avoid. It is supposed to be a declaratory document, not a legal one. We need to ensure that the NHS is the area where this decision-making takes place, not the courts. Equally, if the NHS's principles were enshrined in primary legislation, that would rigidify and fix them in a way that meant that they could not be adapted as medicine and the NHS change. The result would be inflexibility in how the constitution develops.

We need to ensure that the NHS can move with the times and adapt when it needs to, and that it has the flexibility to develop its constitution in a way that responds to patients. The hon. Gentleman's proposal would prevent all that and ensure that the courts constantly intervened with detailed legal decisions. Difficult decisions that are currently made within the NHS would instead have to be referred to the courts by way of judicial review again and again. He knows, and I know, that issues related to the NHS can require difficult decisions. If we abrogate those decisions to the courts across the board, we will create substantial difficulties and delays.

Amendment 15, tabled by the hon. Members for Romsey (Sandra Gidley) and for Southport (Dr. Pugh), would require the Secretary of State to conduct a review of the NHS constitution within two years of its coming into effect. The constitution will be able to be

[Mr. Mike O'Brien]

examined constantly to ensure that it adapts. We will avoid the rigidity that the Conservative Front Benchers want, and we will be able to undertake the type of review that the hon. Member for Romsey wants, but we do not want to fix a review in time. We need to ensure that the NHS constitution can be kept under regular review—whether in two, three or four years. I therefore hope that she will not press her proposal.

Amendment 20, tabled by the hon. Member for Wyre Forest (Dr. Taylor), would require the NHS constitution to be revised in the light of the findings of the Care Quality Commission and the National Patient Safety Agency. Although I commend the hon. Gentleman's intention and sentiment, the provision of high-quality care in a safe environment is at the heart of NHS values, and I am sure that we can agree that we want the NHS to deliver high-quality care across the board. The good work of the CQC and the NPSA helps to support that, and both will continue to play an important role as we move forward.

Dr. Richard Taylor (Wyre Forest) (Ind): I wish just to point out a deficiency in the NHS constitution. A whole set of duties are expressed in section 3b, but the duty to warn the NHS when something is going wrong, as in Staffordshire, is not there. The NPSA drew attention last week to the number of errors that have caused death in the NHS. I would like the Secretary of State to consider reviewing the constitution very soon and introducing a clause that brings in a duty to warn when things are going wrong, with protection for those blowing the whistle.

Mr. Mike O'Brien: We certainly need to ensure that we do not have another Mid Staffordshire hospital situation and that the CQC, which has now replaced the Healthcare Commission, can produce reports on individual hospitals, receive references from individuals who feel that there are problems in particular trusts and act upon those references. I do not believe that we need to enshrine that in the constitution, but we do need to ensure that we can deal quickly with issues such as that at Mid Staffordshire.

In the Bill, we have ensured that unlike in the past, and unlike what recently happened in Mid Staffordshire, when a problem arises Ministers will have the ability to call upon Monitor to de-authorise a foundation trust, which will ensure that they can take action. We feel some sympathy with the hon. Gentleman's sentiments, but we believe that enshrining the matter in legislation in the way that he proposes is unnecessary. The involvement of the CQC and the NPSA will be important elements in the process.

In determining whether it is necessary to amend the constitution, we will consider a range of factors, including changes in departmental policy or the law. Patient safety and clinical quality are central to everything that the NHS does. The rights contained in the constitution already reflect that. We introduced the constitution and we want to ensure that it works. We do not want it to become a lawyer's charter. We want it to be effective and we want to ensure that the Government are the Government—and, indeed, the party—that protect and defend the NHS.

Question put, That the amendment be made.

The House divided: Ayes 190, Noes 285.

Division No. 211] **[9 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baldry, Tony
Barker, Gregory
Barrett, John
Bellingham, Mr. Henry
Benyon, Mr. Richard
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Davey, Mr. Edward
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David
Dorrell, rh Mr. Stephen
Dorries, Nadine
Duddridge, James
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Gauke, Mr. David
Gibb, Mr. Nick
Gidley, Sandra
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harvey, Nick
Hayes, Mr. John
Heath, Mr. David
Hemming, John
Hendry, Charles
Hoban, Mr. Mark
Holmes, Paul
Howard, rh Mr. Michael
Howarth, David
Howell, John
Hughes, Simon
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kennedy, rh Mr. Charles
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Luff, Peter
Maclean, rh David
Main, Anne
Malins, Mr. Humfrey
Maude, rh Mr. Francis
McCrea, Dr. William
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mulholland, Greg
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Öpik, Lembit
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen

Penning, Mike
Penrose, John
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Rosindell, Andrew
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Simmonds, Mark
Smith, Chloe
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Taylor, Mr. Ian
Taylor, Matthew
Teather, Sarah
Tredinnick, David
Turner, Mr. Andrew
Vara, Mr. Shailesh
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Webb, Steve
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Angela Watkinson and Mr. Philip Dunne

NOES

Ainger, Nick
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Balls, rh Ed
Banks, Gordon
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, rh Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
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Flynn, Paul
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Foster, Michael Jabez *(Hastings and Rye)*
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Gardiner, Barry
Gerrard, Mr. Neil
Gilroy, Linda
Godsiff, Mr. Roger
Goodman, Helen
Griffith, Nia
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hamilton, Mr. David
Hanson, rh Mr. David
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoey, Kate
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Humble, Mrs. Joan
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Khan, rh Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Levitt, Tom
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Lloyd, Tony
Llwyd, Mr. Elfyn
Love, Mr. Andrew
Mackinlay, Andrew
Mactaggart, Fiona
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Mallaber, Judy
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Marsden, Mr. Gordon
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Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCafferty, Chris
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McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr. Pat
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McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, rh Mr. Mike
Olner, Mr. Bill
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Pelling, Mr. Andrew
Plaskitt, Mr. James
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Riordan, Mrs. Linda

Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Lindsay
Ruane, Chris
Russell, Christine
Ryan, rh Joan
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, rh Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
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Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
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Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
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Walley, Joan
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Ward, Claire
Watson, Mr. Tom
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Wicks, rh Malcolm
Williams, rh Mr. Alan
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Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Steve McCabe and
Kerry McCarthy

Question accordingly negatived.

9.13 pm

Proceedings interrupted (Programme Order, 8 June).

The Deputy Speaker put forthwith the Questions necessary for the disposal of the business to be concluded at that time (Standing Order No. 83E).

Clause 15

TRUST SPECIAL ADMINISTRATORS: NHS TRUSTS AND NHS FOUNDATION TRUSTS

Amendments made: 21, page 13 leave out lines 20 and 21 and insert—

'(5) Schedule 8A makes further provision about trusts in respect of which an order is made under subsection (1).'.

Amendment 22, in page 17, line 15, leave out Clause 16.—*(Mary Creagh.)*

Clause 18

TRUST SPECIAL ADMINISTRATORS: CONSEQUENTIAL AMENDMENTS

Amendments made: 23, page 22, line 25, leave out 'Chapter 5A does' and insert

'sections 52B to 52E and Chapter 5A do'.

Amendment 24, page 22, line 36, at end insert—

'"( ) section 52D(1) or (7) or 52E(6),'.

Amendment 25, page 22, line 37, leave out 'or (4)' and insert ',(4) or (5)'.

Amendment 26, in page 22, line 39, at end insert '52D(1), 52E(6),'.

Amendment 27, page 23, line 2, leave out '10A' and insert '8A'.

Amendment 28, page 23, line 3, after 'section', insert '52D(1) or'.

Amendment 29, page 23, line 12, after 'section', insert '52D(1) or'.—*(Mary Creagh.)*

Amendment proposed: 1, page 23, line 31, leave out Clause 21.—*(Mike Penning.)*

Question put, That the amendment be made.

The House divided: Ayes 180, Noes 288.

Division No. 212] **[9.13 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baldry, Tony
Barker, Gregory
Barrett, John
Bellingham, Mr. Henry
Benyon, Mr. Richard
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Davey, Mr. Edward
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David
Dorrell, rh Mr. Stephen
Dorries, Nadine
Duddridge, James
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Featherstone, Lynne
Field, rh Mr. Frank
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Godsiff, Mr. Roger
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Mr. Tom
Harvey, Nick
Hayes, Mr. John
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Hoban, Mr. Mark
Hoey, Kate
Howard, rh Mr. Michael
Howell, John
Hughes, Simon
Hulme, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kennedy, rh Mr. Charles
Knight, rh Mr. Greg
Kramer, Susan

Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Lull, Peter
Maclean, rh David
Main, Anne
Malins, Mr. Humfrey
Maude, rh Mr. Francis
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mulholland, Greg
Murrison, Dr. Andrew
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Öpik, Lembit
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Penning, Mike
Penrose, John
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Dan
Rosindell, Andrew
Rowen, Paul
Ruffley, Mr. David
Sanders, Mr. Adrian
Scott, Mr. Lee
Shapps, Grant
Simmonds, Mark
Smith, Chloe
Smith, Sir Robert
Soames, Mr. Nicholas
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Taylor, Mr. Ian
Taylor, Matthew
Teather, Sarah
Tredinnick, David
Turner, Mr. Andrew
Vara, Mr. Shailesh
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Webb, Steve
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Williams, Mr. Roger
Wilshire, Mr. David
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy
Younger-Ross, Richard

Tellers for the Ayes:
Angela Watkinson and Mr. Philip Dunne

NOES

Ainger, Nick
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Balls, rh Ed
Banks, Gordon
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, rh Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byrne, rh Mr. Liam
Cabom, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Greg
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Fisher, Mark
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gardiner, Barry
Gerrard, Mr. Neil
Gilroy, Linda
Goodman, Helen
Griffith, Nia
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hamilton, Mr. David
Hanson, rh Mr. David
Hayard, Mr. Dai
Heslop, rh John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, rh Dr. Kim
Humble, Mrs. Joan
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Khan, rh Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Levitt, Tom
Linton, Martin
Lloyd, Tony
Llwyd, Mr. Elfyn
Love, Mr. Andrew
Mackinlay, Andrew
Mactaggart, Fiona
Malik, Mr. Shahid
Malleber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McCrea, Dr. William
McDonnell, John
McFadden, rh Mr. Pat
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miliband, rh David
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris

Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, rh Mr. Mike
Oliver, Mr. Bill
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Pelling, Mr. Andrew
Plaskitt, Mr. James
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Price, Adam
Primarolo, rh Dawn
Prosser, Gwyn
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Ryy, Lindsay
Ruane, Chris
Russell, Bob
Russell, Christine
Ryan, rh Joan
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, rh Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Speller, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Straw, rh Mr. Jack
Stringer, Graham
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Dr. Richard
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Usher, Kitty
Vis, Dr. Rudi
Walley, Joan
Watho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Williams, Hywel
Williams, Stephen
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek
Young, rh Sir George

Tellers for the Noes:
Steve McCabe and Kerry McCarthy

Question accordingly negatived.

Clause 22

POWER TO PROHIBIT OR RESTRICT SALES FROM VENDING MACHINES

Amendment proposed: 5, page 26, line 4, leave out 'or imposing requirements in relation to'.—*(Mr. McCarney.)*

Question put, That the amendment be made.

A Division was called off.

Madam Deputy Speaker: Division off.

Question agreed to.

Clause 38

COMMENCEMENT

Amendment made: 38, page 35, line 30, at end insert—

'( ) section [Payments in respect of costs of optical appliances]'.—*(Mary Creagh.)*

Schedule 2

DE-AUTHORISED NHS FOUNDATION TRUSTS

Amendments made: 30, page 39, line 24, leave out '10' and insert '8'.

Amendment 31, page 39, line 25, leave out '10A' and insert '8A'.

Amendment 32, page 39, leave out lines 28 to 31 and insert—

'(1) This Schedule applies to a body which is an NHS trust by virtue of an order made under section 32D(1) or 65E(1) (a "de-authorisation order").'.

Amendment 33, page 40, line 7, at beginning insert—

'() This paragraph is subject to any provision made under section 32D(4) or (7) or 65L(4) or (5).'.

Amendment 34, page 40, line 11, leave out 'order under section 65E(1)' and insert 'de-authorisation order'.

Amendment 35, page 40, line 17, at beginning insert—

'() This paragraph applies only to a body which is an NHS trust by virtue of an order made under section 65E(1), and is subject to any provision made under section 65L(4).'.

Amendment 36, page 40, line 20, leave out 'order under section 65E(1)' and insert 'de-authorisation order'.

Amendment 37, in page 40, line 36 [Schedule 2], leave out 'order under section 65E(1)' and insert 'de-authorisation order'.—*(Mary Creagh.)*

Schedule 6

REPEALS AND REVOCATIONS

Amendment made: 39, page 68, line 18 , column 2, at end insert—

| 'Section 180(2)(i).'

—*(Mary Creagh.)*

Question agreed to.

Lembit Öpik: On a point of order, Madam Deputy Speaker. I have waited until now to draw your attention to the fact that there was no call for a vote on my amendment—amendment 16—and, indeed, I was not called to speak to it. I seek your guidance on whether there is anything I can do to raise my concerns, given that the amendment represented the only compromise option on the table in terms of the display of cigarettes.

I do not seek to challenge your authority, Madam Deputy Speaker, but I know that this decision was worth hundreds of millions of pounds to the newsagents. I am in your hands when I ask whether there is any step that I can take to ensure that the matter is reviewed.

Madam Deputy Speaker: I understand the hon. Gentleman's concern, but he will not be surprised when I say that there is nothing I can do to assist him at this stage in the proceedings.

Third Reading

Motion made, and Question proposed, That the Bill be now read the Third time.—*(Mary Creagh.)*

9.30 pm

Mr. Lansley: Happily, the Secretary of State is now present for the debate on Third Reading—*[Interruption.]*

Madam Deputy Speaker: Order. Will Members who do not wish to stay for the debate please leave the Chamber as quickly and quietly as possible?

Mr. Lansley: Thank you, Madam Deputy Speaker.

Notwithstanding the recent debates on tobacco, at the heart of the Bill was the intention that incorporating the NHS constitution and measures relating to quality and innovation in the Bill should drive forward an improvement in the quality of health care for the people of this country. We made it clear to Ministers from the outset—my right hon. Friend the Leader of the Opposition and I had made it clear for a considerable time—that we wanted an NHS constitution, and believed in the importance of incorporating the principles of that constitution and making clearer to the public the nature of their rights and entitlements and, indeed, the obligations they should have.

I am pleased that the Bill has enabled the NHS constitution to be referred to in legislation, but unfortunately, in these latter stages, Ministers have chosen not to incorporate its core principles directly in the legislation. I must confess that I find it astonishing that the Minister of State should have thought that expressing the core principles in legislation would, of itself, lead to litigation about those core principles, given that in any case the purpose of the NHS constitution is that every NHS body—or those contracted to provide services for the NHS—should have regard to those principles. If the Minister is suggesting that by leaving them out of the Bill, he leaves them out of the legal duties placed on NHS bodies and those NHS contractors, I am afraid that that simply serves to undermine his own argument.

As we know, the core principles of the NHS were stated by Ministers in the NHS plan in 2000. As Minister of State, the Secretary of State launched a consultation on the subject, and arbitrarily changed what he regarded as core principles. Perhaps he intends to change them once again. As I recall, when he introduced them he left out the principle that resources provided for the NHS should be used solely for the benefit of NHS patients.

I am afraid that the Bill does not drive forward reform and does not drive forward quality. We did not discuss this evening, but at an earlier stage, the obligation to produce quality accounts. I have to hand the quality report produced by the Wrightington, Wigan and Leigh NHS Foundation Trust, which is the Secretary of State's local hospital. As a result of it, he will know perfectly well that nothing prevents a requirement from being placed on hospital trusts, or prevents him from providing for such an obligation on primary care trusts, without it having to be written into legislation. We also learn that the publication of quality accounts will essentially be a self-justificatory exercise on the part of NHS bodies; they will choose what constitutes quality when they present them.

However, I do not want to be anything other than generous in approach at this late stage in the consideration of the Bill. It contains necessary and helpful measures, such as the incorporation of the NHS constitution, but we know that we will have to go further in future. The incorporation of direct payments into legislation is a good thing as well. I am delighted that, whereas the Government resisted our view that direct payments should be able to be extended to incorporate health and social care three and a half years ago, we have now arrived at the point of their having come round to that way of thinking.

I am also pleased that the Government have legislated for the investigation of complaints about privately arranged or funded adult social care. I just hope that when Ministers come to reply to this short debate, they will say that they will be able to make progress in the next few months on incorporating that. A lot of people whose social care is arranged privately will continue to be without that protection unless there is fast progress.

It was also important for the House to have an opportunity to look at the issues relating to tobacco, although I may not agree with all the conclusions that it reached. The amendment of the right hon. Member for Makerfield (Mr. McCartney) has been passed, doubtless with discussions between him and the Government Front-Bench team, but there is a question that I need to ask if he does not: what is their intention in relation to these regulations? Our view is that to make regulations that would ban all vending machines would be disproportionate, but the Government seem to have acquiesced and voted for this power, so is it their intention to use such a power, or not? We shall see; perhaps Ministers will tell us.

Finally, I am disappointed at this late stage in what the Government have demonstrated in their reaction in the past two months to the Mid Staffs situation. We debated that earlier so I will not return to all the issues, but I am afraid that their inclusion of the de-authorisation provisions is a further indication that they have given up on the reform process they were pursuing a few years ago. According to former Prime Minister Tony Blair, foundation trusts were integral to that reform process, yet Ministers have not only stalled on the process of creating foundation trusts but are now actively seeking to de-authorise them and are looking for opportunities to do so. We know that they have abandoned "any willing provider" as a basis for introducing competition into the provision of NHS services, and we know that measures to do with patient choice and practice-based commissioning have also been stalled, so some measures that would best deliver improved quality in the NHS through reform processes in the service have been undermined by decisions that are now being taken by the Government.

Therefore, this Bill is not a flagship for reform; rather, it is a portmanteau Bill. It contains measures that we welcome, and others that will be good or bad depending on how they are used, such as pharmaceutical needs assessments; but it will not, in itself, achieve a substantial shift forward in quality, innovation and performance across the NHS, because it is no more than a collection of modest changes. To that extent, although there are measures that the Government have included in the Bill—not least today—to which we object, we will not resist it at this stage. However, I encourage those who have yet to consider it in another place to look very hard and critically, not least at the de-authorisation of NHS foundation trusts.

May I conclude by thanking my colleagues my hon. Friends the Members for Eddisbury (Mr. O'Brien) and for Hemel Hempstead (Mike Penning), who have done all the heavy lifting in relation to this debate? As today's debate has served to illustrate, they have done so magnificently.

9.39 pm

Sandra Gidley: This is a bit of a mish-mash Bill, containing a lot of fairly worthy things. Most of today's discussion has been about tobacco, but we also heard detailed discussion of the NHS constitution and direct payments. I shall be particularly interested in the results of the pilots on that when they emerge, because this represents an interesting way forward in respect of people taking more control over their own health care. We also looked into things such as quality accounts, innovation and the provision of pharmaceutical services. What was fairly obvious throughout was that a mish-mash of things had been thrown together and there was no coherent sense of direction in the Bill.

The big disappointment was the Government's timidity, in some respects, on the tobacco legislation. An attempt was made to produce something simple that people could instinctively understand, but the solid evidence base remains relatively poor. An opportunity to be bolder and to deal with the smuggling of, and proxy sales of, tobacco products and all the other things that constitute the problem we face was missed. However, we are where we are and some welcome moves have been made.

I wish to thank my hon. Friend the Member for Southport (Dr. Pugh) for his support during the long hours in Committee and to thank the Clerks and the Department of Health officials, who were also very helpful. My one criticism is not of any particular individual involved with the Bill; it is of the procedures of the House, which meant that although the Government amendments had been tabled for some time, we did not see the wording on the amendment paper until Friday. That was because of the recess, throughout which amendments are not published, and we need to change that situation. The procedures resulted in a lot of last-minute activity in trying to understand the amendments. I particularly wish to thank my researcher, Joe Moran, who gave up much of his weekend to have a look at some of this material and prepare my briefing notes. Often our researchers do not get mentioned, and the fact that he did a lot of this work in his own time is very much appreciated.

9.42 pm

Mr. Barron: I shall not detain the House for too long; I rise just to support the Third Reading of the Bill. Opposition Members have said that it is something of an omnibus Bill, but I wish to comment on the small parts relating to tobacco. When the Bill has passed through all its stages, it will finish off some of this House's unfinished business on the advertising and promotion of tobacco in this country. The Bill containing the "ad ban", as it was popularly called, went through the House a number of years ago. We can assume that most of it was implemented to good effect, because the level of smoking is decreasing in all categories, although among teenage girls and young women the situation is a bit difficult.

The ad ban legislation introduced by this Government was supposed to eliminate anything

"(a) whose purpose is to promote a tobacco product, or

(b) whose effect is to do so".

I submit to the House that for years we have been banning the advertising and promotion of tobacco, but the tobacco companies have been using the point of sale to promote tobacco. That loophole, which has existed since that legislation was put through, has been closed by tonight's decisions. I say that because of the evidence I have in front of me, which includes a quote from Geoff Good, the global brand director of Imperial Tobacco, concerning the limited edition Lambert & Butler celebration packs, which increased sales by £60 million. He said that

"the pack design was the only part of the mix that was changed, and therefore we knew the cause and effect".

Packs have been used to promote tobacco since the advertising ban came in.

The Benson & Hedges Silver slide—the neat package that slides open as opposed to flipping open at the top, for example—was described as follows:

"Slide is all about packaging".

It

"appeals to young adult smokers and research shows they will buy into innovations such as unique packs".

The Benson and Hedges Silver slide pack increased market share by 57.5 per cent.—that is worth about £120 million—within 18 months of its introduction. A Gallaher spokesman stated that

"marketing restrictions make the pack the hero".

It is clear that that has been the case for many years.

If this legislation is brought in, packs will be brought for their outside covers, they will be taken around and people will have them in their pocket, but they will not be seen when people go into a tobacco retailer. The test will be whether the holograms and everything else that attract young people in particular disappear from these packs in a few years' time.

Philip Davies: The Chairman of the Select Committee said that that change increased that tobacco company's market share. Does he agree that there is a world of difference between increasing sales of tobacco in general and a company's increasing its market share? Surely that is a perfectly legitimate thing for it to seek to do?

Mr. Barron: For years, the tobacco industry has been saying that advertising is all about market share and that has not been true. In this case, it is, but it was not true when there was general advertising of tobacco products in this country. It was a case for the defence and it was a very weak one. Since we brought a general advertising ban into this country there has been a decrease in smoking, which I think is directly related to the fact that the companies cannot promote tobacco. The fact that this means of promoting tobacco when one walks into a shop is no longer available—the displays had got very sophisticated, with tobacco next to shelves of chocolate and so on—will further restrict the attraction of tobacco when people, young or old, go into tobacco outlets. This is a progressive move. I think we agreed to ban vending machines, too, in the last few minutes.

The Government should be complimented on what they have done over the past 10 years in attacking this scourge of ill health in this country. Tobacco causes 50 per cent. of our health inequalities; 50 per cent. of people who smoke will die prematurely because of tobacco. We have probably gone as far as we can at this stage in stopping the promotion of tobacco. The Government's smoking cessation programmes and targets for smoking cessation over the past few years have been

very good, too; they have helped to reduce tobacco's attack on the health of the nation and we are making progress. I thank the Government for eventually doing the things that people were arguing for in this House 20 or 30 years ago. They were done through gritted teeth as far as the tobacco companies were concerned, but they were done none the less.

9.48 pm

David Taylor: I am delighted to follow my predecessor as chair of the all-party group on smoking and health. In 1998, the Government published their seminal White Paper, "Smoking Kills", and so brought to an end the lost decade of tobacco control. Smoking rates have been falling fast. From 1978 to 1988 the adult smoking rate in England fell from 40 per cent. to 30 per cent. Between 1988 and 1998, it snaked within the 25 to 30 per cent. range.

The White Paper set out a plan to help those smokers who wanted to quit and to restrict the industry's capacity to recruit new young smokers. Across the country, a network of local cessation services was established. Tobacco advertisements on billboards came down and the disgrace of tobacco industry sponsorship was put to a stop. No longer were the makers of this deadly product free to buy a link with sporting achievement in the minds of our young people. As a result, we have seen a return to year-on-year reductions in smoking rates so that now only two adults in every 10 smoke.

"Smoking Kills" did what it was supposed to do, but a new strategy is needed. The main challenges of a tobacco control strategy remain to help smokers who want to quit and to constrain the industry's capacity to ensnare young people. The Bill takes up those challenges but it is not enough on its own. The whole House awaits the publication of a new tobacco control plan, of which this Bill is only a part, that will build on the success of "Smoking Kills" and help make smoking history for our children. I strongly support the Government's proposal to do away with the power walls of tobacco promotion at the point of sale.

Richard Younger-Ross (Teignbridge) (LD): I am puzzled about advertising at the point of sale. People may wander into a shop, look around and say, "Does this shop sell tobacco?" Will the shop be able to display a list showing that it sells tobacco and what products its sells? Otherwise there will be some very confused people in some very confused shops, wondering whether they are in places that sell tobacco.

David Taylor: If the hon. Gentleman had been here throughout the debate he would have heard that answered adequately. I am pleased that the amendment tabled by my right hon. Friend the Member for Makerfield (Mr. McCartney), which puts cigarette vending machines out of the reach of our children, has been accepted, and that we can uphold the World Health Organisation framework convention on tobacco control to protect health policy from the vested interests of the tobacco industry. I would have liked to have seen new clause 7 on plain packaging go further—I would have liked the Lib Dems to have put it to the vote—but that is for another day. I would like proxy sales to be banned, too, but I voted against the Tories' proposal, because what they suggested was not enforceable. However, I would like more action on that.

Someone dies prematurely every four minutes from the effects of smoking—15 people an hour, or 75 in the five hours of this debate, which would empty the Public Gallery steadily. This is a valuable step forward, and I congratulate the Government on taking it.

9.51 pm

Mr. McCartney: I will take only a minute of the House's time, because the Secretary of State needs to respond to the debate.

First, I thank the British Heart Foundation, Smoke & Mirrors, and Smokefree Northwest for the past year of non-partisan support, advice and help, as well as my colleagues in the House, and people in each Department I have spoken to. A boyhood hero of mine, Denis Law, once said of his first goal for Scotland that he scored it with his bottom or backside, or words to that effect, but it did not matter because it was a goal. We won the vote tonight nem. con., and it does not matter, because it is going to change history. I hope that my right hon. Friend the Secretary of State will indicate clearly in his contribution that, when the Bill reaches the Lords, there will be absolute clarity and that the amendment accepted tonight will ensure that in England, Wales and Northern Ireland, vending machines will be banned once and for all.

9.52 pm

Philip Davies: Briefly, as we seem to have had a round of congratulations on the Bill, I want to say that this is a very sad day for the House, which once again shows that the Government are one of the most intolerant, authoritarian and illiberal Governments that we have ever seen. It is yet another triumph for the nanny state. It will not make any difference at all to smoking rates. Cigarettes are not an impulse purchase. As someone who worked in retail for many years before coming to the House, I can assure people that they are not an impulse purchase like cream cakes. People walk past cream cakes, think that they look nice, and decide to buy them, but they do not buy cigarettes on the same premise.

This is just another authoritarian victory for a Government who want to thrash around looking as if they have done something. It will have a devastating effect on many, many small retailers, small newsagents and pubs. I hope that we will not see crocodile tears from Ministers when many more small shops and pubs go to the wall as a result of the Government's policies.

9.53 pm

The Secretary of State for Health (Andy Burnham): It says here, "I beg to move, that the Bill be now read the Third time." However, I gather that someone moved the motion in my absence, so I shall move on and say something about the Bill.

This important Bill paves the way for the next stage of reform in our national health service while, at the same time, cementing its founding values in a new NHS constitution. I am grateful for the constructive approach from Members on both sides of the House to improving the Bill, and I believe that it leaves the House better and stronger as a result of our deliberations. It builds on the consensus established by Lord Darzi's next stage review that the next decade in the NHS must be characterised by a relentless focus on improving the quality of services.

[Andy Burnham]

In the past decade, the NHS has done the heavy lifting, tackling the big challenges such as waiting and infections. Today it is in a position where it can focus more on the quality of the individual patient experience.

In that regard, the introduction of quality accounts marks a significant step forward for the NHS. Those new accounts will give patients and the public clearer information when exercising their right to choose health care services, setting out for clinicians and managers valuable information about the quality of the services that are provided. Equally, the provisions allowing for the introduction of direct payments for health care will further empower patients to take greater control of their care. These measures are evidence of how, in the next decade, we are placing the power to drive reform in the hands of patients and staff, not from the top down.

The Bill also reaffirms our commitment to the pursuit of excellence in the foundation trust regime and across the NHS. We have listened to calls from another place for mental health trusts to be given more flexibility in respect of the operation of the private patient cap, and will expect that to be used to improve NHS services.

The pressing requirement to act in the wake of the events at Mid Staffordshire NHS Foundation Trust led to late amendments to the Bill. I am grateful to the House for its patience and consideration of those amendments at this late stage. I was particularly pleased to hear the comments today of my hon. Friend the Member for Cannock Chase (Dr. Wright) and the hon. Members for Stone (Mr. Cash) and for South Staffordshire (Sir Patrick Cormack), and to see on the Front Bench my hon. Friend the Member for Stafford (Mr. Kidney), all of whom had spoken to me and my right hon. and learned Friend the Minister of State for Health to convey to us the strength of feeling in Staffordshire about the appalling failure at their local hospital.

The House has shown today its commitment to the foundation trust ideal that freedom must be continually earned through high performance. It is important that foundation trust status continues to represent a badge of excellence and high standards in the NHS, and the amendments that we have passed today will help secure that. I noted that the Conservative Members from Staffordshire were asking us to go even further than we had proposed. We had constructed an amendment that kept Monitor as the decision maker but gave the Secretary of State a role to ask Monitor to take a view on whether a trust should be de-authorised. In opposing that approach, the hon. Member for Eddisbury (Mr. O'Brien) is somewhat out of touch with his own Back Benchers and local opinion on the matter.

There was another late amendment on help with costs of spectacles for over-60s, or rather, to correct a loophole in the law whereby eligibility for help with those costs was more widely drawn than was ever intended. That had lain on the statute book for some time. I am pleased to say that that loophole has now been closed. Perhaps in time the amendment will come to be known as the "should have gone to Specsavers" amendment.

The Bill includes new protections to ensure that future generations are less likely to suffer from tobacco-related disease. For many hon. Members, the central issue in the Bill has been deciding how best to protect our children from the dangers of smoking. We heard today passionate contributions, most recently from the Chair of the Select Committee on Health, my right hon. Friend the Member for Rother Valley (Mr. Barron), and from my right hon. Friends the Members for Holborn and St. Pancras (Frank Dobson) and for Makerfield (Mr. McCartney). There is consensus in the House that smoking has devastating consequences for our society and that more needs to be done to protect children from those harms. As my Minister of State, my hon. Friend the Member for Lincoln (Gillian Merron) pointed out, there is direct evidence that tobacco point of sale has a direct impact on young people smoking. I am pleased that the important clauses on the subject remain in the Bill.

It is clear that although Opposition Members were not able to conduct a proper whipping operation, hon. Members have made their views on tobacco vending machines clear this evening. I note in particular the efforts of my right hon. Friend the Member for Makerfield. His passion and resolve have been rightly rewarded by the House today. We appreciate that as a result of certain amendments being withdrawn, the remaining amendments that have been voted through today go to the other place in a well drafted and legally workable form. I will watch with interest how my right hon. Friend's proposals are received in another place. The Government will not seek to overturn them but, respecting this House, will consider how best to put its will into effect.

My right hon. Friend has announced his intention of standing down from the House at the coming election. His legacy will be one of campaigning on issues that matter to people throughout the country, from the minimum wage to other matters that he has campaigned on. Tonight his campaigning force has yet again delivered another major step forward in protecting the health of the children of this country.

I pay tribute to my Ministers, including my hon. Friend the Member for Lincoln and my right hon. and learned Friend the Member for North Warwickshire (Mr. O'Brien), and to Lord Darzi and Baroness Thornton in another place, who have placed the Bill in its strong position today.

We want the Bill to go forward, and we will work to ensure that this evening's amendments are put into a workable form. The Bill leaves the House in a strong position. It will protect our children from the dangers of smoking, empower patients, ensure the highest possible standards of care throughout our national health service and lay the ground for the next stage of reform in the NHS. I commend the Bill to the House.

Question put and agreed to.

Bill accordingly read the Third time and passed, with amendments.

Business without Debate

EUROPEAN UNION DOCUMENTS

Motion made, and Question put forthwith (Standing Order No. 119(11).

INTELLIGENT TRANSPORT SYSTEMS

That this House takes note of European Union Document No. 17564/08, draft Directive laying down the framework for the accelerated deployment of intelligent transport systems in the field of road transport and for interfaces with other transport modes; and endorses the Government's cautious approach to discussions on this document.—*(Mr. Blizzard)*

Question agreed to.

ACCESS TO PARLIAMENT (UNITED KINGDOM MEMBERS OF THE EUROPEAN PARLIAMENT)

Motion made,

That the Resolutions of the House of 30 January 1989 relating to House of Commons Services and 6 December 1991 relating to Access (Former members and United Kingdom Members of the European Parliament) shall cease to have effect insofar as they relate to United Kingdom members of the European Parliament.—*(Mr. Blizzard)*

Hon. Members: Object.

REGIONAL SELECT COMMITTEE (WEST MIDLANDS)

Motion made,

That Dr Richard Taylor be a member of the West Midlands Regional Select Committee.—*(Mr. Blizzard)*

Hon. Members: Object.

REGIONAL SELECT COMMITTEE (YORKSHIRE AND THE HUMBER)

Motion made,

That Mary Creagh be discharged from the Yorkshire and the Humber Regional Select Committee and Mr Austin Mitchell be added.—*(Mr. Blizzard)*

Hon. Members: Object.

REGIONAL SELECT COMMITTEE (SOUTH WEST)

Motion made,

That Linda Gilroy be discharged from the South West Regional Select Committee and Roger Berry be added.—*(Mr. Blizzard)*

Hon. Members: Object.

PETITION

Planning and Development (Essex)

10.1 pm

Bob Spink (Castle Point) (Ind): Residents of Benfleet, Hadleigh and Thundersley are deeply concerned about the outline planning permission that borough councillors gave some years ago to develop areas of the green belt around The Chase in Benfleet. I formally objected to a new proposal by Barratt Homes to build 150 houses on the site, and it was expected that further inappropriate development plans for the site would be put forward. I congratulate all petitioners, who do a great public service in defending their community by signing the petition.

The petition states:

The Petition of Emma Shamshoum, residents of Thundersley and others,

Declares that the proposed development of 150 houses by Barratt Homes in Thundersley is premature and unacceptable for a number of sound and material planning reasons; is contrary to the extant Development Plan which seeks to retain the land as undeveloped until it has been proved that it is necessary to release it for housing, and alternative sites for future housing are still being considered in the replacement Core Strategy which has not yet been to the Planning Inspector; moreover, the land is identified as a "Local Wildlife Site" which both the current Development Plan and the new Core Strategy are committed to protect; Barratt's plan to cover all the existing open grassland with houses and roads, retaining only a narrow "wildlife corridor" through the centre, is unacceptable; if this application is approved a "green light" will be given for progressive further development until all of "The Chase" green fields and woodland are buried under bricks and concrete; and the development will put the existing infrastructure such as roads, parking, leisure facilities and public services such as schools and doctors under intolerable strain.

The Petitioners therefore request that the House of Commons urges the Government to encourage Castle Point Borough Council to consider this objection and petition formally and to reject Barratt's proposal and to ensure the matter is dealt with by councillors who can and will then be held to account for their decision.

And the Petitioners remain, etc.

[P000403]

Water Charges

Motion made, and Question proposed, That this House do now adjourn.—*(Mark Tami.)*

10.3 pm

Richard Younger-Ross (Teignbridge) (LD): I am grateful for the opportunity to bring again to the Floor of the House an issue that has been of concern to residents of the south-west for a long time—indeed, since 1989, when the then Conservative Government privatised the water companies and, in my view and that of my parliamentary colleagues and most residents of the south-west, created a grave injustice, which has to this day led to the south-west paying more for its water and sewerage than any other part of the country.

I note that Labour Members are present, and that several people from the Labour Benches and from among my Liberal Democrat parliamentary colleagues wish to intervene. I also note, however, that not one Member from the Conservative party is here to debate this important issue.

The Government have been very slow in recognising the difficulties that I have mentioned. However, they have at last produced—reluctantly, perhaps, and later than they should have done—a report that allows us to try to make some progress. In asking Anna Walker to present a report on water charges, the Government have created a useful vehicle for debating not only the issue on which I want to concentrate but a lot of the other issues of water poverty and water shortage.

In her foreword, Anna Walker points out the aim of the review and three of its particular points. The third is to

"make recommendations on any action that should be taken to ensure that England and Wales have a sustainable and fair"—

I highlight the word "fair"—

"system of charging in place. This could include changes to current legislation and guidance."

She goes on:

"Prices can vary considerably between companies (average bills range from around £280 to £500). Customers are not used to such differences in prices for essential services,"—

I underline the word "essential"—

"and, if they are in a high cost area, consider it unfair."

The report goes on to discuss regional costs and the fact that they should be allowed to continue. However, Anna Walker highlights the question of who should pay for environmental improvements from which all customers benefit. I wish to concentrate on the part of the report about environmental works. On page 55 of the report, in paragraph 3.3.18, Anna Walker writes:

"The arguments as to whether environmental improvements should be paid for by the local water customer, the national water customer or the taxpayer are complex. The review team would welcome views on the arguments it has set out in the interim report before reaching a firm conclusion in the final report…There are real choices to be made over the standards to be met, how future environmental improvements are achieved and the period over which they should be carried out, all of which can affect the costs radically and which are particularly important if the water customer locally or nationally is expected to pay for them."

She goes on to discuss

"much greater formal involvement of customers in decisions on what is to be spent."

To make the matter very clear, I should say that if there had been any consultation with the customers of the south-west, they would never have agreed to the system that we have, under which they end up paying far more for their water than people anywhere else in the country.

Mr. Colin Breed (South-East Cornwall) (LD): Is my hon. Friend aware that that lack of communication continues today? My constituent George Sale and others have pointed out to me that they appear suddenly to have been given standing charges for both water and sewerage. There seems to have been no communication about those charges; they were simply added to the bills.

Richard Younger-Ross: I do not need to comment further, as my hon. Friend has put his point firmly on the record.

Why does the south-west have such particular problems? The region has 3,429 square kilometres of environmentally sensitive countryside. Some 40 per cent. of its land receives special protection for its outstanding quality, compared with a figure of 23 per cent. for England overall. The region has 2,100 kilometres of coastline, more than any other region and 25 per cent. of England's total coast. There are 507 kilometres of heritage coast, 59 per cent. of England's total. The region has 144 European Community designated bathing waters, 33 per cent. of the total for England and Wales. Only some 3 per cent. of the population live in the south-west water areas, so, as we keep repeating, 3 per cent. of the population are paying to clean up 33 per cent. of the nation's bathing waters. There are 22 designated shellfish waters, representing 21 per cent. of England's total, and the seas off the south-west of England support half of the UK's wildlife.

Linda Gilroy (Plymouth, Sutton) (Lab/Co-op): The hon. Gentleman makes a powerful case, which his party and Labour Members have been making for far too long. Has he seen the report that has been submitted to the Walker review by the socio-economic research and intelligence observatory—SERIO—of Plymouth university, which emphasises the injustice and unfairness of the situation? Has he noted from that report that approximately a quarter of the English population visited the south-west in 2008?

Richard Younger-Ross: Indeed, and I think that the figure was 18.2 million, about 7.1 million of whom visited specifically to go to the seaside. I have a copy of that report—it is an excellent contribution and I hope that Anna Walker considers it. I congratulate the hon. Lady, who was partly responsible for bringing it about.

Andrew George (St. Ives) (LD): In the same way that we do not expect London taxpayers to fund the British Museum or the National Gallery, it would be entirely wrong that the bathing waters on the south-west coast, which are a national asset, should be entirely paid for by the local water rate payers of that area. Given that the Anna Walker inquiry has clearly indicated that there should be an option of spreading the cost nationally, does my hon. Friend agree that it should also be spread retrospectively, so that it relates to past as well as future investment?

Richard Younger-Ross: That is a good point. The south-west has already paid for the bulk of its Clean Sweep programme, although it is still paying the interest costs. I hope that if the inquiry and the Government decided on spreading the costs fairly across the country, they would indeed be retrospective. I put that question to the Minister for the South West, and he did not rule it out. As the SERIO report states, the Environment, Food and Rural Affairs Committee said in 2009:

"The question for Defra is whether environmental improvements in certain regions, such as measures to protect bathing beaches in the south west, should be seen as a national benefit to be paid for by tax payers or as a regional infrastructure deficit"—

the point put by my hon. Friend.

People in the south-west are paying £497, which they expected to rise to £517 by 2015. Thames Water has the lowest figure, £286, and that was going to rise only to £343. A month after the Walker report came out, Ofwat leapt to the defence of water customers—just so that there is no doubt in the written record, I am being ironic. Its press release was headed: "Ofwat holds bills down for customers". I will take it that a 6 per cent. cut in bills over the next four years is a cut, but Ofwat has not taken on the total injustice of the south-west paying more than other regions.

Mr. Adrian Sanders (Torbay) (LD): It is 19 years since privatisation, and those who introduced privatisation have no alternative policy, and after 12 years of the current Government, we are still debating this subject. Is not the answer to vote Liberal Democrat?

Richard Younger-Ross: I could not disagree with that point, so elegantly made by my hon. Friend.

Ofwat has stepped in, but it has compounded the injustices. Table B of its document "Comparison between companies' final business plan proposals and Ofwat Draft Determinations" shows that the figure for the south-west, which was proposed to be £517 in 2015, will be only £458, which is a difference of minus 11 per cent. People in other regions, such as the Hartlepool Water region, will have a difference of 14 per cent., but they pay less than those in the south-west at the moment. Thames Water customers will pay 15 per cent. less than proposed, and they pay the lowest amount at the moment. Southern and Severn Trent are down 12 per cent. That does not deal with the fundamental injustice.

I say to members of Ofwat that they might be good accountants, and they might know the cost of everything, but the one thing that they do not appear to know is the value of the resource that we have. They do not understand the social impact and corrosiveness of having a totally unjust system that allows the south-west to pay more and other areas to have their bills reduced even further. Ofwat objects to our principle because it says, "The polluter pays." We all agree with that principle, but when it comes to sewerage, that is something that we all have to do. The elderly and the sick have to do it. Why should they have to pay more for doing it in the south-west than they do in the south-east? Why should the sick, who might have other problems, be charged excessively? The principle of "polluter pays" is fine up to a point, but this is an essential health service. Let us keep it that way, and let us have the charges fair and just. There are ways that that can be done without too much difficulty.

10.16 pm

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Huw Irranca-Davies): I begin not only by congratulating the hon. Member for Teignbridge (Richard Younger-Ross) on securing the first Adjournment debate after the summer recess but by facing up to my obligations, having contributed to the very problem that we are debating. I have holidayed in the south-west in two of the past three years with my family, and I am afraid that we have contributed either to the problem or to the tourism economy—I think both.

I genuinely congratulate the hon. Gentleman on both securing the debate and summarising the salient points pertaining to a crucial issue for his constituents and those of some of my hon. Friends, who have campaigned on this issue for years and years. It would ill become me to dwell on the iniquities of previous Governments who took through privatisation and made errors. We are trying to consider how we can resolve the situation.

The House will be aware that this is not the first debate that we have had on water charges this year. It is, in fact, the third. That is a tribute to the pressure that hon. Members are keeping up on the Government and the regulator to seek a resolution. In May, the hon. Member for East Devon (Mr. Swire) secured a debate on water charging in the south-west. In June, my hon. Friend the Member for Plymouth, Sutton (Linda Gilroy) secured a debate on water charging and metering. Of course, the hon. Member for Teignbridge was part of the delegation that I met on 16 July to discuss the interim report of the Walker review of charging for household water and sewerage services. The Members who are present this evening have been pursuing the matter with some zeal on behalf of their constituents and the south-west region, and they have met me on several occasions. I thank them for giving me the opportunity to hear their views.

This is the first debate on the matter in the House since Anna Walker published her interim report, so I very much welcome it. She did so on 29 June, and I should like to take this opportunity to put on record once again my appreciation of the excellent work that Anna and her team have done so far. They have toured the country—north and south, east and west—and returned to areas including the south-west to take views. I recognise the difficult challenges that were given to Anna Walker. The Government response to the interim report welcomed its publication and acknowledged that it had raised important questions about the fairness of current charges. It also pledged a full Government response when the final report is published.

I hope that hon. Members understand that I do not want to pre-empt or pre-define Anna Walker's findings. I believe that it is right to wait for the final report before responding to individual recommendations or the report as a whole. Many of the interim proposals, such as how water is paid for and the affordability of bills, are linked. It makes sense to consider the final recommendations as a package rather than in isolation. Indeed, the debate introduced by my hon. Friend the Member for Plymouth, Sutton focused on how many factors are interwoven.

In addition, the interim report invited further views on several key questions. As part of that, a second workshop was held in Plymouth on 17 July, which was

[Huw Irranca-Davies]

chaired by my hon. Friend the Member for Plymouth, Sutton. The review team is currently working up its final proposals in the light of the comments that were received there and in other roadshows.

For those reasons, I do not propose to pre-empt the Walker review's final recommendations, although I want to try to respond in general terms to the points that the hon. Member for Teignbridge and others have made in the debate so far.

Linda Gilroy: Before my hon. Friend proceeds to do that, will he agree to meet me and hon. Members who have assiduously pursued such matters soon after the report is published?

Huw Irranca-Davies: Yes, I am more than happy to give that commitment. One of the benefits of the way in which my hon. Friend and Opposition colleagues have pursued the matter is that they have tried to find solutions rather than simply to produce heat rather than light. On that basis, I am happy to meet a delegation again, led by my hon. Friend with others, so that we can examine Anna Walker's final deliberations. I am looking forward to meeting them.

The hon. Member for Teignbridge referred to the cost of cleaning up beaches and the fact that 30 per cent. of the country's beaches are in the south-west. I am familiar with that because, if Wales is split from the equation—Wales claims to have the highest proportion of coast per head of population in the UK—I acknowledge the hon. Gentleman's point. When looking at the matter in terms of England, the population compared with the amount of coastline in the south-west is starkly significant. As I have made clear in previous debates, households in the south-west pay more for their water and sewerage services than those elsewhere in the country. That is an inalienable fact.

That reflects to some extent the substantial investment that South West Water has made since privatisation, including, as the hon. Gentleman said, the Clean Sweep programme. The cost to customers of that company and in that region has fallen. The Walker review has been looking carefully at how environmental improvements, which confer some national benefits, should be paid for.

Paragraph 3.3.18 of the interim report concluded, as the hon. Gentleman said, that

"the arguments as to whether environmental improvements should be paid for by the local water customer, the national water customer or the taxpayer are complex."

I think that we would all agree with that. Where the burden falls is not simple, but very complex. The report goes on to say in paragraph 3.6.2 that

"the review team is minded to recommend that, in the long term, the net benefits are likely to be limited of moving to national or taxpayer charging for some environmental benefits".

As I said a moment ago, I do not want to pre-empt Anna Walker's final recommendation on the so-called "equalisation" of environmental investment, but she has identified several practical issues around equalisation in the interim report. In particular, if Anna recommends an equalisation scheme, she will need to decide what counts as an environmental improvement with a public benefit.

All environmental legislation has some public benefit. In terms of water quality, it would not just be the bathing waters directive, but a host of other environmental measures. The matter is therefore complex. For example, the cost of building the Thames tideway might need to be included. Thames Water customers face a £2 billion bill to construct that to help meet the requirements of the urban waste water treatment directive and prevent sewage discharges into the Thames. That is only one example, but it is a key one, which is in front of us now.

The final report also needs to decide whether it would be fair to equalise costs that have direct or indirect private benefits, such as local tourism, and public health benefits from clean beaches. Environmental costs also reflect the local costs incurred, for example, in treating sewage and other pollutants. If they cost more to treat in some parts of the country than in others, Anna will need to advise on whether it is fair to expect companies to subsidise those who live in high-cost areas. That is the nub of the issue. In addition, Anna will need to consider whether sharing environmental costs beyond the customer base of individual companies would risk acting as a disincentive to keep cost pressures, and hence customers' bills, down. Those are the things that Anna must wrestle with as she comes to her final deliberations.

Richard Younger-Ross: Is that not exactly what Ofwat has been doing in its determination? It has said to the water companies, "You can't spend as much as you want, you've got to spend less." That is why it has made such limited cuts. Of course, it has not addressed the inequalities.

Huw Irranca-Davies: Indeed—as the hon. Gentleman says, Ofwat has not addressed the inequalities, which is what Anna is wrestling with as we speak. She is trying to finalise her comments on sharing the environmental costs, meaning equalising the costs across a wider customer base beyond the region, which has not been done before. Ofwat has acted to keep bills down on this occasion, in its interim findings on the periodic review 2009 process—we await the final determination—but it has not looked at equalisation. Anna is looking at whether she can address those issues. There would also be administrative costs in setting up and operating an equalisation mechanism, which ultimately would have to be paid by water customers. Anna Walker is aware of those difficult issues and is looking closely at whether any equalisation scheme can be both fair and workable.

The interim Walker report invited views on a number of proposals on the related issue of water affordability, including capping the bills of metered households on council tax benefit in high-cost areas, and refinement to the WaterSure scheme, including capping bills at the national rather than regional average. There are pros and cons associated with all such proposals, and it is essential to ensure that Anna Walker's final recommendations are perceived as fair by everyone—not only those in the south-west, but across the board in England and Wales. Any measures to assist customers in the south-west must be paid for either by other customers of South West Water, by water customers nationally or by taxpayers—there are no other options, unless someone is going to surprise me tonight.

I must be honest: as well as being contacted and lobbied by the extremely strong campaign from the

south-west—I have regularly met hon. Members involved in that—strong concerns have been expressed by other hon. Members, particularly from the north-east of England. They have said that their constituents who do not find it easy to pay bills now would be faced with additional burdens in future if they had to subsidise costs elsewhere. The reality is that the problem is difficult to square, but that underlines the challenges that Anna Walker faces as she finalises her report. There are no easy solutions or quick fixes, and almost every different proposal for water charging creates winners and losers.

The hon. Gentleman made some observations on Ofwat's proposals and on what its draft determinations would mean for water and sewage bills. He said that bills could fall by around £30 between 2010 and 2015 for south-west households and compared that with other bills that are already low. I understand him, but as I think he would agree, we are seeing a dampening in the draft proposals for households in the south-west. By the way, the determination on that is due in late November.

In conclusion, I recognise—as I have said repeatedly in this House and elsewhere—that the cost of water and its affordability is an issue in the south-west. I very much look forward to seeing Anna Walker's final recommendations, including those on paying for environmental improvements, hopefully in November.

I know that my right hon. Friend the Prime Minister has pledged to meet a delegation led by my hon. Friend the Member for Plymouth, Sutton to discuss the Walker review. I am sure that other hon. Members who have attended this debate will also be there. I would, of course, be happy to have an additional meeting with the hon. Member for Teignbridge, my hon. Friend and other hon. Members with constituencies in the south-west to discuss the review's final report once it has been published.

I understand the criticisms that have been levelled about tardiness on this issue, but the Government's commitment to looking at it properly has now been evidenced by the bringing forward of Anna Walker's report. I commend the work that she has done on what is not an easy task. I also commend the work that hon. Members here have done in campaigning on this issue and in bringing more light than heat to it. I look forward to the final recommendations and meeting with hon. Members who wish to advance the case of their constituents in this matter.

Question put and agreed to.

10.31 pm

House adjourned.

House of Commons

Tuesday 13 October 2009

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

HEALTH

The Secretary of State was asked—

Prostate Cancer

1. **John Robertson** (Glasgow, North-West) (Lab): What steps his Department is taking to raise the level of awareness of prostate cancer. [292228]

The Minister of State, Department of Health (Gillian Merron): Through our national awareness and early diagnosis initiative, we are working to improve awareness of the signs and symptoms of cancer, including prostate cancer, among the public and health care professionals in England. As part of this initiative, we are investing in a number of prostate cancer awareness campaigns.

John Robertson: I thank my hon. Friend for her answer. She will be aware that of the 35,000 men who get prostate cancer each year, 10,000 are unlikely to live. Men are seen as being particularly loth to go to hospital or to the doctor with problems relating to intimate parts of the body. What does my hon. Friend intend to do to allay men's fears and get them to go to their GP or to hospital, to ensure that 10,000 more people do not die next year?

Gillian Merron: My hon. Friend raises an important point. We know that men tend to put off going to see their GP, which can result in devastating effects following later diagnosis and treatment. We are investing in schemes such as the Football Foundation's Ahead of the Game campaign, which uses the appeal of football to raise awareness of prostate, lung and bowel cancers in men over 55. We are also working with a number of prostate cancer charities and patients to raise awareness of that cancer and to get the message out: "Don't wait—check it out."

Christopher Fraser (South-West Norfolk) (Con): Research carried out by the Prostate Cancer Charter for Action shows that, in at least 96 of England's 529 constituencies, the death rate from prostate cancer is well above England's average. Does the Minister accept that this reflects inequalities in NHS prostate cancer services? What is being done to remedy this?

Gillian Merron: We have done much to narrow the gap in relation to the inequality of cancer services. The introduction of the two-week maximum wait from GP referral to seeing a specialist and the recent announcement of a diagnostic result one week after being referred will also be extremely welcome. There are differences around the country, and it is difficult to give a definitive answer, but we have ensured that doctors are educated and supported to provide the right kind of understanding. As I have said, we are also working to raise awareness of the signs and symptoms, because the main thing is the need for men to present earlier.

Meg Munn (Sheffield, Heeley) (Lab/Co-op): My hon. Friend will be aware of how successful women have been in coming together to campaign on breast cancer. Indeed, I am wearing pink today to support that campaign. What does she think can be done to get more men to campaign on the important issue of prostate cancer, and to persuade them not to ignore it? She will be aware that my own father went to the doctor too late, and consequently died of the disease. Can we not get men to do more?

Gillian Merron: My hon. Friend has sad and poignant personal experience in this respect, and I thank her for sharing it with the House. Prostate cancer represents a different challenge for all of us, not least because the signs and symptoms are not always as clear as we might want. Research needs to be encouraged and supported to develop effective screening, which we do not have at the moment. We are, however, providing high-quality services tailored to the individual patient, and I am sure that men across the country will have heard my hon. Friend's encouragement and will rally to take action, which I would certainly welcome.

Maternity Services (Rochdale)

2. **Paul Rowen** (Rochdale) (LD): What his most recent assessment is of the adequacy of maternity service provision in Rochdale constituency. [292229]

The Parliamentary Under-Secretary of State for Health (Ann Keen): The North West strategic health authority reports that work is progressing as planned on the Making it Better reconfiguration, which aims to improve the quality of maternity services across Greater Manchester.

Paul Rowen: Does the Minister accept that in the current economic climate, closing two maternity units—at Rochdale infirmary and Bury Fairfield hospital—that are less than 10 years old and spending £15 million on a brand new unit at the Royal Oldham hospital does not represent best value for money? Does she agree that the money could be better used elsewhere?

Ann Keen: I am sure that the hon. Gentleman is aware that the Manchester proposals are overwhelmingly supported by local clinicians and backed by a clinical and quality-based case for change. Making it Better will provide safer, higher-quality care for the residents of Greater Manchester, and the nearby Royal Oldham site will become a centre of excellence for maternity and neonatal care.

Mr. Andrew Lansley (South Cambridgeshire) (Con): The Minister may recall that I made it clear during Health questions in May that the birth rate in Greater Manchester was rising, contrary to the predictions on which the reconfiguration proposals were based. We now know that something like 5,000 more babies were born in Greater Manchester than had been predicted. If the assumptions on which the plan was based are no longer true, will she act on the evidence and reconsider the plans to shut obstetrics services at the Fairfield hospital in Bury and at Rochdale infirmary? Otherwise, 5,000-plus mothers living north of the M62 simply will not have the choice to access obstetrics services close to home.

Ann Keen: It is for local commissioners to keep that always under review. As the hon. Gentleman said, the birth rate has risen, but local commissioners are in touch with their clinicians. During the consultation, which was extended over four months, the matter was examined in detail and it was decided that it was safe practice to reconfigure services as has been done.

Norman Lamb (North Norfolk) (LD): The Minister will be aware that one of the biggest challenges facing maternity services in Rochdale and elsewhere is the enormous shortage of midwives. All the signs are that the Government will miss their target of recruiting 3,400 more midwives by 2012, so will the Minister support the Lib Dem plan to scrap the health and maternity grant, which is completely untargeted, and invest the money instead in recruiting 3,000 more midwives and health visitors to give every woman the support she needs during pregnancy?

Ann Keen: I am saddened that the hon. Gentleman raised the issue in that particular way, because we are on target. We have checked with the strategic health authorities—*[Interruption.]* I must contradict the hon. Gentleman. After checking with the strategic health authorities in England, we know that the target for 4,000 extra midwives by 2012 will be met. We are working closely with the Royal College of Midwives and very positively with the Royal College of Obstetricians and Gynaecologists: the target will be met. As for the comment about the grant, I am sad that the hon. Gentleman feels that way, because I believe every woman is entitled to be healthy through pregnancy, and to have a safe pregnancy.

Small Pharmacies

3. **Mr. Graham Allen** (Nottingham, North) (Lab): If he will take steps to protect small pharmacies from the effects of the operation of in-house pharmacies established in supermarkets. [292230]

The Minister of State, Department of Health (Mr. Mike O'Brien): Independent pharmacies play an enormously important part in providing pharmaceutical services to the UK. However, the NHS (Pharmaceutical Services) Regulations treat all providers equally, and we do not intend to change that to discriminate against a particular sector.

Mr. Allen: The Minister will be aware from the representations of colleagues throughout the House that small pharmacists are an invaluable part of the local community. They are often the cement that keeps a local parade of shops going, for example, in deprived communities such as mine in Nottingham, North. The giant supermarkets are usually most welcome in communities, but does the Minister accept that they also have a tendency to suck in other services, particularly pharmacies, and not to provide the sort of intimate and local service that reaches out into the community? Will he take every possible step to ensure that local pharmacies are encouraged to survive and thrive?

Mr. O'Brien: We certainly want local pharmacies both to survive and to thrive. Indeed, the Health Bill, which was before the House yesterday, introduces pharmaceutical needs assessments, which will encourage primary care trusts to ensure that they consider the needs in their area. We know that different parts of the community have different needs. Young mothers who live at home with their children, and older people, sometimes like small locally based pharmacies, while younger men sometimes prefer the less intimate surroundings of a supermarket. There are all sorts of diverse needs to provide for. What we want is a broad range of services and pharmacies, ranging from small traders to multinationals.

Mr. Nigel Evans (Ribble Valley) (Con): I have a number of independent pharmacies in towns and villages in my constituency where there are no supermarkets, but supermarkets are not too far away. If those supermarkets suck in some of the customers of the independent pharmacies, we shall see death by a thousand cuts. Some of the ageing population will not be able to get into the major towns, so they will lose an essential place where they can get their medicines. If we do not want to see pharmacies going the same way as the post offices have gone over the past five years, the Government will have to take action now. What action is the Minister prepared to take?

Mr. O'Brien *rose—*

Mr. Speaker: Order. I am not saying that the questions and answers are quite of "War and Peace" proportions, but in several cases they have been a bit on the long side, and we need to hasten progress.

Mr. O'Brien: I have just said that the Bill before the House yesterday provides action in the form of pharmaceutical needs assessments, so that primary care trusts are able to assess local needs and ensure that they respond to precisely the sort of circumstances that the hon. Gentleman raised.

Dr. Brian Iddon (Bolton, South-East) (Lab): First, I thank the Medicines and Healthcare products Regulatory Agency for publishing its new guidelines on the sale of codeine-containing products recently. However, will my right hon. and learned Friend admit that the person paying for codeine-containing products at the checkout would not get the same advice in a supermarket containing a pharmacy as they would in the sort of small pharmacy that my hon. Friend the Member for Nottingham, North (Mr. Allen) described?

Mr. O'Brien: I certainly agree that local pharmacies are enormously important. That is why we want to support them, and that is why we have introduced the Health Bill, which the House debated yesterday and which provides for pharmaceutical needs assessments for each area. We must ensure that there is diversity of supply so that precisely the sort of needs identified by my hon. Friend are met, and we must recognise that other parts of our community want that diversity as well.

Mark Simmonds (Boston and Skegness) (Con): Along with many others, we value the role of community pharmacists, but recognise that the most important challenge for small and single-handed pharmacies is presented by the Medicines (Pharmacies) (Responsible Pharmacist) Regulations 2008, which came into force last week. Can the Minister deal with the significant confusion and real concern among pharmacists regarding the regulations? Will he, for instance, clarify whether a small pharmacy that is open for the minimum 40 hours per week would be in breach of its NHS terms of service were a responsible pharmacist to be absent for two hours, and whether a responsible pharmacist failing to sign off and taken a rest break would be in breach both of professional requirements and of the European working time directive?

Mr. O'Brien: We certainly do not want a local pharmacist to be in breach of either the regulations or the working time directive. We want and intend to ensure that the regulations are applied flexibly so that we can continue to provide effective and good local services in the community.

Cancer Services

4. **David Tredinnick** (Bosworth) (Con): What is his most recent assessment of the level of provision of cancer services in England; and if he will make a statement. [292231]

The Secretary of State for Health (Andy Burnham): The first annual report on the Cancer Reform Strategy, published in December 2008, is the most recent assessment of cancer service provision in England. The report showed that good progress is being made against the objectives of the strategy to improve cancer services further across England by 2012.

David Tredinnick: When considering that report, did the Minister examine the research conducted by Professor Karol Sikora at the university of Buckingham medical school? It shows that in NHS centres where complementary services are offered, 70 per cent. of women and 40 per cent. of men take them up, and that they are of great help with chemotherapy. However, there is a real problem. There is not enough knowledge about which therapies are working when they are used together. If I wrote to the Minister, would he please consider funding a little extra research?

Andy Burnham: I look forward to receiving the hon. Gentleman's correspondence. I do not think that any Member has done more to champion the cause of complementary and alternative medicine across the national health service. As he will know, as a result of his efforts and those of others, the National Institute for Health and Clinical Excellence has included the role of complementary and alternative medicine in its service configuration guidance on supportive and palliative care for cancer patients—which is due to be implemented fully by December this year. Of course I would welcome a further letter from him, particularly one containing the views of such an eminent clinician as Karol Sikora.

Ms Dari Taylor (Stockton, South) (Lab): In September, I had a breast cancer scare. Within five working days I was in the hospital and being screened—and everything was fine. I want the House to know that that was not because I am a Member of Parliament: when the staff contacted me by phone, they called me Mr. Taylor. I had to correct that quickly!

I raise the matter here today because I received excellent service from the University Hospital of North Tees; the breast cancer unit was excellent. My question to the Secretary of State is quite clear. When is it expected that all cancer services will be resourced to the same extent, so that it will be possible for everyone, within five working days, either to have their minds put at rest or to begin their treatment?

Andy Burnham: I thank my hon. Friend very much for her question, and I will relay what she has said to the NHS so that it will get her name right in future. It is important that she has shared her experience with the House, because it illustrates how far the NHS has travelled. It is a sad fact that breast cancer is the most common form of cancer in England. Some 38,000 new cases were diagnosed in 2006. I have seen the devastating effects of breast cancer in my own family, and I know only too well how quickly it can spread if it is not picked up early.

As my hon. Friend knows, we are extending the two-week guarantee to all suspected cases of breast cancer. She will have heard recently that we also want to extend GPs' access to tests, so that although not every case may qualify for the urgent referral pathway, cases that do not can nevertheless be checked out by GPs. She is absolutely right: there can be no complacency. We will go still further to ensure that we give everyone in the country the best possible chance of surviving breast cancer.

Mr. Andrew Lansley (South Cambridgeshire) (Con): The Secretary of State will recall that the Cancer Reform Strategy says:

"Sufficient finance will be made available to the NHS as part of their general capital allocations to fund investment in new cancer equipment."

That was two years ago. Two weeks ago, the Prime Minister said that hospital building projects should have their resources taken away to fund new cancer equipment. Clearly that has not happened—or can the Secretary of State explain what additional diagnostic equipment is going to be paid for?

Andy Burnham: I do not think that it is possible for the shadow Secretary of State for Health to accuse the Government of not investing in cancer services. This Government made the change on day one of taking office, and we have invested in cancer services throughout our period in office. The facts are as follows. Cancer mortality among under-75s fell by almost 18 per cent. between 1996 and 2006. That is a record of which we

are very proud. However, we must continue to invest in the equipment and capacity to give people as rapid access to tests as possible. As I said earlier, we want to give GPs the ability to refer people for non-obstetric ultrasound, for flexible sigmoidoscopy and other such tests, so that we can give people ready access to tests in the community, help to get early diagnosis and, in the vast majority of cases, put their minds at rest.

Mr. Lansley: I regret that I did not really get an answer to my question. Since the Secretary of State wants to talk about cancer mortality, will he explain why, in the decade after Labour came to office, the gap in cancer mortality between this country and the European average widened? On the other point that he made, surely he must know that the issue in the NHS now is not primarily about the capital resources for additional diagnostics, but the staffing to support them. Diagnostic equipment could be better used if there were more radiographers and sonographers.

Andy Burnham: I can answer the hon. Gentleman on both points. As I said, cancer mortality fell over the decade in question. Cancer survival rates have been steadily improving. We accept that there is more to be done to close the gap between us and comparable countries, but that is precisely why I have taken steps on early diagnosis, which is the new frontier in taking on the battle against cancer.

The hon. Gentleman mentioned the work force. The cancer work force has increased considerably in that period. We have been investing not just in equipment, but in people. He mentioned radiographers. There were some 12,500 radiographers in 2000. In 2006 there were 14,500, and the plan is to have 17,500 by 2012. That is a genuine commitment to invest in the work force and the equipment that gives people in this country the best possible chance of surviving cancer. He cannot look me in the eye and say that his party in government did the same thing.

Mr. Speaker: Order. I appeal to the Secretary of State and the other Ministers on the Treasury Bench: we must have shorter answers. We need to make progress.

Mr. Dennis Skinner (Bolsover) (Lab): Does my right hon. Friend agree that he cannot say often enough that the real reason why we have been able to reduce the problems with cancer and many other illnesses, particularly heart disease, is the money that we invested in 2001 and the 1 per cent. increase in national insurance contributions, every penny of which went straight to the NHS? That had never been done before in any Budget. Conservative Members walked into the No Lobby and voted against that money. As someone who has had cancer and open-heart surgery, I cannot thank the NHS enough. I thank my colleagues for walking through the Aye Lobby and providing the extra money to find the people to do the job.

Andy Burnham: I could not have put it better. The Conservatives had the nerve to stand up in Manchester last week and proclaim themselves the party of the NHS. But as my hon. Friend rightly says, a few years before that they walked though the No Lobby to vote against the money that Wanless said was crucial to put our NHS back on its feet. That money has paid for the figures that I have been reading out in the House this afternoon.

Sandra Gidley (Romsey) (LD): In 2007, the National Radiotherapy Advisory Group highlighted the 63 per cent. gap between current activity levels and optimal treatment levels. That position will worsen as cancer increases in an ageing population. The Secretary of State has mentioned the projected staff increases, but what will he do about the equipment which, although it was replaced under this Government, is coming to the end of its useful life? What plans are there to ensure that the equipment and staff are there in the future?

Andy Burnham: The hon. Lady is right to say that this is not a case of one or the other: we need both together. As well as radiographers, some 1,800 extra cancer consultants have joined the NHS since 1997. We need both, and I recognise that we have to invest in the most up-to-date equipment to give people the very best cancer care. That is our commitment, and that is what we are doing by reprioritising our spending plans to get the funding into that equipment, switching away from the hospital-building programme.

"Shaping the future of care together"

5. **Mr. Mark Harper** (Forest of Dean) (Con): What discussions he has had with the devolved Administrations in relation to the implementation of the proposals in his Department's Green Paper, "Shaping the future of care together". [293232]

The Minister of State, Department of Health (Phil Hope): The Secretary of State wrote to Ministers in Wales, Scotland and Northern Ireland with the full text of the Green Paper before publication. Officials have been in regular contact with their counterparts in the devolved Administrations, and a further series of meetings is planned.

Mr. Harper: I am grateful to the Minister for that reply. In border constituencies such as mine, many constituents—such as those who live in Sedbury and Beachley in my constituency, whose nearest town is Chepstow in Wales—will be very concerned about how this plan would work across borders. In May 2008 Ministers said in the forerunner to this document that they were thinking very carefully about how it would work across devolved borders, so can the Minister give us any idea about any proposals he has come up with—or has the last year and half just passed with no concrete action at all?

Phil Hope: The hon. Gentleman is right to say that the system of care and support that we want to create—it will be the first ever national care service of its kind—covers a mix of devolved and reserved policy areas, because care is devolved and the benefit system is reserved. We are therefore working closely with the devolved Administrations to ensure that any changes we make to any of the systems provide the best possible outcomes for people in the UK. I cannot pre-empt the consultation in which we are currently engaged to achieve that outcome, but I can assure the hon. Gentleman that we are working closely with the devolved Administrations to get the best possible outcome for everyone's constituents.

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): Will the Minister think about how to get agreement with devolved Administrations so that the portability of benefits can extend beyond England, and can in due course, by agreement, be extended to people from England moving to Scotland or Wales, or vice versa, at some future stage?

Phil Hope: My hon. Friend has highlighted a key feature of the new national care service that we want to develop: the idea that people's care assessments should be portable. At present in England different people get different assessments depending on where they live. The proposals in the national care service will ensure that there is a single care assessment, so that people are not identified with different needs according to where in the country they happen to live. That is the kind of discussion about how the system would operate that we are having with counterparts in the devolved Administrations, including Scotland. If there are features of the national care service that have particular merit and benefits, and which the devolved Administrations, for whom this is a devolved matter, wish to replicate, I will be more than happy to enter into discussions with colleagues in those devolved Administrations.

Mr. Stephen O'Brien (Eddisbury) (Con): As a prelude to the Green Paper, on 11 June the Minister said here that each MP had to ensure that the money from the carers strategy announced by the Prime Minister actually went to carers. The Princess Royal Trust for Carers reports that of this year's £50 million, £40 million has gone missing, including in the Minister's own Northamptonshire primary care trust. Where has the money gone? Does it surprise him that carers feel so let down?

Phil Hope: I guess that carers will feel most let down when they hear that the Conservatives are opposing a national care service that will provide a fair, affordable and simple system. *[Interruption.]* I am talking about the question that the hon. Member for Forest of Dean (Mr. Harper) asked me earlier, about the national care service. That national care service will provide much more help for people both in their own homes and in residential care, unlike any of the proposals that have come forward from the Conservative party. In terms of the allocation of the carers money, I am delighted that the Government—again, the Conservatives voted against this—committed a sum of £150 million to be paid in to the national health service, to be provided by local primary care trusts. It is for PCTs to identify the priorities in their area. We are encouraging organisations, and we will be issuing guidance on how that carers' support money can be provided, but it is this—

Mr. Speaker: Order. I am grateful to the Minister. I call Sir Alan Beith.

Alcohol-related Mental Health Services

6. **Sir Alan Beith** (Berwick-upon-Tweed) (LD): What assessment he has made of the availability of services for patients in north Northumberland with mental health problems related to alcohol. [292218]

The Minister of State, Department of Health (Gillian Merron): The North East strategic health authority has advised me that NHS North of Tyne undertook an assessment during 2007 to map the service provision against best practice guidance. Following that, the trust is now working with local partners on developing services in the local community for people with alcohol and mental health problems.

Sir Alan Beith: I welcome the flurry of activity since I tabled that question some time ago, but will the Minister take a personal interest in a matter that is worrying general practitioners throughout north Northumberland: the fact that there is no facility to which they can refer people with alcohol problems and alcohol-related mental health problems? Will she help and encourage all the relevant NHS trusts to fill that gap urgently?

Gillian Merron: I can indeed confirm a personal interest, as I spoke with the primary care trust this morning. It is aware of the challenge to provide better services and is in the process of completing a review of all alcohol services, including those for people who also have mental illness. I have asked the local director of public health to meet the right hon. Gentleman to discuss the review's findings and he is happy to do so. I am also assured that the PCT is prioritising alcohol reduction services and, within that, has identified new investment for community-based alcohol services, which is particularly important for those with a lower-level mental health problem.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op) *rose—*

Mr. Speaker: Order. I know that the hon. Member for Huddersfield (Mr. Sheerman) will stick to the subject of north Northumberland.

Mr. Sheerman: Can the Minister tell me whether the relaxation of product placement rules would help the people of north Northumberland in coping with alcohol problems?

Gillian Merron: I am happy to refer that question to colleagues in the Department for Culture, Media and Sport.

Anne Milton (Guildford) (Con): The Department of Health's policy guideline on dual diagnosis talks of teams with specific expertise in dual diagnosis being developed and better co-ordinated. That was produced seven years ago, but anecdotal evidence from Northumberland and elsewhere suggests that little improvement has been made; indeed, people with schizophrenia have a 10 per cent. higher than average risk of having an alcohol problem. What action is the Minister taking to ensure that people with a dual diagnosis receive the right support?

Gillian Merron: We all know that providing the services for those who have both mental illness and an alcohol problem is an increasing challenge. There are many examples of good practice, but the truth is that, of course, we can do better. That is why we will publish, before the end of the year, good practice guidance on the development of integrated care pathways. That will give specific guidance for those who are working with people with co-existing alcohol and mental health problems. In other words, we seek to get the right people doing the right thing at the right time in the right way.

Better Healthcare Closer to Home

7. **Tom Brake** (Carshalton and Wallington) (LD): What his most recent assessment is of the effectiveness of the Better Healthcare Closer to Home programme in achieving its objectives. [292234]

The Minister of State, Department of Health (Mr. Mike O'Brien): South-west London's NHS tells me that good progress is being made on the Better Healthcare Closer to Home programme.

Tom Brake: I thank the Minister for his reply. He may be interested to know that more than 800 people wrote to Sir Richard Sykes, the chairman of NHS London, asking that there be no further undue delays in the Better Healthcare Closer to Home programme. We have received reassurances from Sir Richard that there will be no such delays from his end, so I now seek the Minister's reassurances. Can he confirm that no block on that programme will be caused either by a south-west London review or by a pan-London review that is under way? Will he confirm when the Department—

Mr. Speaker: Order. One question will do; I hope that people will get that message.

Mr. O'Brien: First, I can confirm that the case in respect of St. Helier looks to be good, and we hope to be able to announce some progress on that in the near future. On the Better Healthcare Closer to Home programme, the primary care trust has already developed the Shotfield health centre—a new £13 million centre—in Wallington; the Robin Hood Lane health centre in Sutton officially opened in May 2008; and the PCT is also developing a GP-led health centre on the Wilson site in Mitcham, which will open in spring 2010. That is good progress.

Mr. Nicholas Soames (Mid-Sussex) (Con): Given the great importance of these services, will the Minister confirm that the working time directive has not had an adverse effect on the service provided?

Mr. O'Brien: It is important that we ensure that the quality of delivery of care in the NHS is not compromised by staff who are overtired and unable to make the difficult judgments that we often call on them to make. We have to ensure that the working time directive is delivered appropriately and that staff comply with it.

Social Care

8. **Paul Holmes** (Chesterfield) (LD): What recent representations he has received on his Department's Green Paper on social care. [292235]

The Secretary of State for Health (Andy Burnham): We have held 28 "Big Care Debate" events in nine regions in England, which were attended by about 1,000 people. In addition, there have been more than 10,000 responses to the public consultation. I have also received 29 written parliamentary questions and 141 letters and e-mails about the care and support Green Paper.

Paul Holmes: I thank the Secretary of State for that response. A number of my constituents have contacted me about the Green Paper. Typical of their responses was one from a lady who said:

> "I am deeply concerned about the proposals in the green paper to hand disability benefits over to the local authorities...It has taken me a long time to get the DLA Lifetime Award which is a tremendous help to me and has enabled me to go out and get a job and actually live my life a lot easier and I am also less dependent on people to do things for me."

Will the Secretary of State take this opportunity to reassure my constituent that the Government will not take away awards such as the disability living allowance and the carer's allowance, which allow people to live independently and with dignity?

Andy Burnham: We think that there is an argument for combining some disability benefits with the funding that goes towards social care to create a better system for care and support. I also want to reassure the hon. Gentleman's constituent that no decisions have been taken on this matter. Obviously, we are consulting on it through the Green Paper. The main point that I want to put across is that whatever changes we make, we want to ensure that under a new and better care system people can still get an equivalent level of support to that which they are used to. We would want to replicate the level of control that his constituent describes under the new national care service that was described by the Minister of State, my hon. Friend the Member for Corby (Phil Hope).

Mr. Kevin Barron (Rother Valley) (Lab): If we are going to introduce a national care service, why should it not be funded in the same way as our national health service is?

Andy Burnham: I would say to the Chairman of the Select Committee on Health that we have to be careful to ensure that it is fair across the generations. To say that the cost of social care should be fully funded by the taxpayer raises a genuine question about whether that is fair to today's working-age population, who obviously face their own pressures. The proposal at the heart of the Green Paper, in all the scenarios, is a partnership between the state and the individual. We think that that will be the fairest way to proceed, but obviously there are different ways in which that partnership could be constructed.

Allergy Services

9. **Jo Swinson** (East Dunbartonshire) (LD): What assessment he has made of the effectiveness of the specialist allergy service pilot in the north-west. [292236]

The Parliamentary Under-Secretary of State for Health (Ann Keen): The pilot allergy network in NHS North West started in February 2009. The project team is beginning to work with the clinical evaluation unit at the university of Liverpool on "An Analysis of North West Services" to review data about current activity and measure improvements and outcomes.

Jo Swinson: I thank the Minister for that reply. The pilot for specialist allergy services is very important. I hope that she agrees that the active co-operation of

primary care trusts is essential. What are her Government doing now and in the future to get PCTs to buy in to the allergy pilot?

Ann Keen: First, may I congratulate the hon. Lady on her gallant fundraising efforts, through which she has achieved so much for the Anaphylaxis Campaign? The direct answer to her question is that it is, again, about commissioning. That is why the pilot and the evaluation of it are so important to us. We are meeting the national allergy strategy group on Thursday and we hope to discuss some of those issues, and in particular that raised by the hon. Lady. Until we have seen the evaluation of the pilot in north-west Manchester, it is more difficult to highlight best practice, which is what those involved are so keen to do.

Mr. Lindsay Hoyle (Chorley) (Lab): We recognise that, but it is important that PCTs get the extra funding to provide support for specialist allergy services and for referrals, as well as for the provision of extra knowledge within the PCTs. A hospital such as that in Chorley could be a centre for specialist allergy services, too.

Ann Keen: As always, my hon. Friend has raised his constituency and praised it—and rightly so. It is important that we get our GP training packages in place so that there is a first point of call for a patient who suffers an allergy that is not always as well known as some other conditions. We need to look at the training of GPs and of the work force in general.

Mid Essex Hospital Services NHS Trust

10. **Mr. Simon Burns** (West Chelmsford) (Con): What recent assessment he has made of the financial performance of the Mid Essex Hospital Trust; and if he will make a statement. [292237]

The Minister of State, Department of Health (Mr. Mike O'Brien): The trust's finances were classified as "performance under review" in September by the director general of NHS finances. The East of England strategic health authority is working with the trust to ensure that it brings its finances into balance by the end of the year.

Mr. Burns: How would the Minister respond if he were to receive a complaint from an ancillary worker or nurse at the Mid Essex Hospital Services NHS Trust that the trust's financial performance over the past two years had been affected by the income garnered in staff car park fees? That income has risen from £90,000 to £250,000, and the effect is felt most especially by those members of staff who find it hardest to pay the charges.

Mr. O'Brien: The trust has to determine how to raise finance, but I do find such a large rise in car park charges a little excessive. The trust has had a number of good financial years, and it was supposed to go into surplus at the end of this financial year. The result of the Department's intervention is that we know that the trust is working on a programme to bring itself back into surplus, but I do not expect that to be at the expense of staff.

Berkeley Hospital

11. **Mr. David Drew** (Stroud) (Lab/Co-op): What progress has been made on the provision of services at Berkeley hospital. [292238]

The Minister of State, Department of Health (Mr. Mike O'Brien): NHS Gloucestershire has identified the Littlecombe south site at Dursley for the relocation of Berkeley hospital. Heads of terms for the site are to be agreed by the end of October and the project is expected to be completed in 2011-12, with services transferring to the new hospital in spring 2012. It has been suggested in initial discussions that the existing site should be used for mixed residential and retail purposes.

Mr. Drew: I thank my right hon. and learned Friend for that response, and it is good to hear that a site has been identified. Does he agree that we need to make rapid progress on this excellent project, and that it is essential to ring-fence its funding to make sure that it goes forward? Will he allow me to discuss with local people how the existing Berkeley site could be used most appropriately?

Mr. O'Brien: Obviously, the use of the existing site is a matter for local decision, and I have no doubt that my hon. Friend will be involved in that. As for the project's funding, it has been allocated from the community hospitals programme already and I understand that it is secure.

NHS Work Force

12. **Ann Winterton** (Congleton) (Con): What his latest estimate is of the size of the NHS work force. [292239]

The Parliamentary Under-Secretary of State for Health (Ann Keen): The most recent NHS work force census was published in March this year, and it shows that, as at 30 September 2008, there were 1,368,186 staff employed by the NHS in England. That is equivalent to 1,124,818 staff working full time.

Ann Winterton: I acknowledge the huge increase in expenditure on the NHS, but does the Minister accept that many non-clinical staff have been needed because of the service's top-down style of management and bureaucracy, as well as what I would call its "tick-box" culture? In these straitened economic times, will she ensure that front-line clinical services and staff will be protected—not least in maternity services, given the increasing birth rate due to immigration—

Mr. Speaker: Order. I think that we have the gist.

Ann Keen: I can assure the hon. Lady that front-line clinical staff will be protected at all times, as quality and safety are this Government's priorities. Managerial staff are of course always required to run an efficient and progressive health service, but the front-line clinical staff will be there to provide the quality service that we have grown to respect and need.

David Taylor (North-West Leicestershire) (Lab/Co-op): The Royal College of Surgeons conducted a large-scale survey of its members this summer, and it found that

two thirds of surgeons felt that the quality of care given to patients had been reduced because of the European working time regulations. Will the Minister say whether there are enough surgeons to cope? Should we not have rather more in the NHS work force?

Ann Keen: Our overriding priority will always be to continue to ensure that patients experience high-quality, safe and effective care in the NHS, which of course we have provided by our surgeons. Hospitals such as Homerton in London have been working a 48-hour week for more than two years, and have produced evidence that the change has decreased hospital mortality. There is no evidence of harm being caused to patients. I think we all want our surgeons to be rested and to have had a night's sleep, to be well equipped for the job ahead.

Hospital Services (London)

13. **Mr. Greg Hands** (Hammersmith and Fulham) (Con): What plans he has for the reconfiguration of hospital services in London. [292240]

The Minister of State, Department of Health (Mr. Mike O'Brien): Clearly, it is for the local NHS to determine the best way to reconfigure services to meet the needs of local people, but changes to existing service provision should be initiated only where there is a clear and strong clinical case for doing so in the best interests of patients.

Mr. Hands: I welcome news from the Imperial College trust that the new hyper-acute stroke unit is to be based at Charing Cross hospital in my constituency. However, hidden in the small print of the consultation document there is already a proposal to move those new facilities to St. Mary's in Paddington. Does the Minister share my concern about the continual transfer of services from Charing Cross hospital to others, including renal, obstetrics, gynaecology and now vascular surgery, and the detrimental impact that will have on my constituents and those across west London?

Mr. O'Brien: That is a somewhat churlish way of welcoming the fact that the hon. Gentleman is having a new facility located in his constituency at Charing Cross. I should have thought he would welcome that. As far as Charing Cross hospital is concerned, the aim is to retain a full range of health services for the people of Hammersmith and Fulham, including 24-hour full accident and emergency and maternity services. The trust will continue to provide neurology and stroke services at Charing Cross. That is the long-term programme, but we want to have a project at St. Mary's as well, so I do not think the hon. Gentleman needs to get overly worried—there will continue to be stroke services at his hospital.

Topical Questions

T1. [292251] **Miss Anne McIntosh** (Vale of York) (Con): If he will make a statement on his departmental responsibilities.

The Secretary of State for Health (Andy Burnham): On Thursday, the Care Quality Commission will publish its NHS performance ratings for 2009. On the same day, the chief medical officer will give an update on swine flu, including further details about the vaccination programme. Following last night's vote on the Health Bill, the Government are assessing how best to take that important policy forward and will make a further statement in due course.

Miss McIntosh: The Secretary of State will be aware that the out-of-hours service is becoming increasingly dependent, particularly at night-time, on non-British doctors. As he will be aware, the UK is unique in the European Union in having a general practice provision. What precautions is he taking to ensure that non-British doctors coming from other countries are suitably qualified to perform the out-of-hours service, and are fully acquainted with the level of drugs that should be issued to patients in their care?

The Minister of State, Department of Health (Mr. Mike O'Brien): The hon. Lady raises a very important point. It is important that primary care trusts ensure that the providers of out-of-hours services are conducting a proper, full assessment of those who carry out those services, that they understand the way the NHS works and how drugs are allocated and prescribed in this country, and that they can speak adequate English.

T3. [292255] **John Robertson** (Glasgow, North-West) (Lab): According to the National Autistic Society, in a report in the summer, people aged 40 to 50 are not being diagnosed with autism, and the BBC recently said that GPs feel that they do not receive the training necessary to give patients that service. Can my hon. Friend tell me what he intends to do to ensure that GPs get that training so that those 40 to 50-year-olds have the diagnosis they require?

The Minister of State, Department of Health (Phil Hope): I thank my hon. Friend for his very important question. First, autism is actually mentioned in the GP curriculum statements on mental health and on children and young people, so we already expect all GPs to have a general understanding of first principles, but I fully agree that more professional training is a key area for development. It is one of the features of our recent consultation on the first-ever national strategy for adults with autism, which focused on a range of areas, including health and training. That will have a direct impact on GPs and their training, and that national strategy will be backed in law.

T2. [292254] **Mr. Edward Timpson** (Crewe and Nantwich) (Con): In the north-west only 53 per cent. of children receiving treatment for substance misuse complete the course. What are the Government doing to improve that alarming figure?

The Minister of State, Department of Health (Gillian Merron): We have to look at all ways of reducing the harm caused to children by addictive substances, including drugs. Our campaign under the tag FRANK is one of the ways. We are also increasing access to services across the country, but we are tailoring them to ensure that we meet the needs of all groups.

T8. [292260] **Mr. Lindsay Hoyle** (Chorley) (Lab): I wonder whether my right hon. Friend would like to come and visit Chorley hospital, one of the best hospitals

in the country, and support a walk-in treatment centre beside the accident and emergency department, which will give new life to Chorley.

Andy Burnham: I understand that my right hon. Friend the present Home Secretary visited not long ago when he was in the post that I now hold. I am not sure whether my hon. Friend the Member for Chorley (Mr. Hoyle) got something new on the occasion of that visit, or whether he wants something new on the occasion of another visit, but as he knows, I am not far down the M6, so I will bear his kind invitation in mind.

T4. [292256] **Simon Hughes** (North Southwark and Bermondsey) (LD): Returning to the subject of carers, do Ministers accept the figures in today's report from the Princess Royal Trust for Carers and Crossroads Care that only one pound in five of the money allocated this year for carers has been spent? Will they publish, for each trust, the amount that has been allocated and ask each trust to publish by the end of this month how they intend to spend the money on carers this year?

Phil Hope: I understand and fully appreciate the concern that carers organisations have about the fact that the Government have put £150 million over two years into PCT budgets to pay for respite care and other support for carers. The Government have played their part in responding to the needs that we recognise among carers. The question is how that money is spent by local PCTs. The hon. Gentleman knows that those primary care trusts make these decisions based on an assessment of their own areas. He knows, too, that the Department is producing a document to assist primary trusts and local authority commissioners to understand how the needs of carers may be effectively identified, and that we will seek to publicise that guidance as widely as possible. That, I think, will have an impact on the primary care trusts delivering the money that we provided to meet the needs of carers and those for whom they are caring.

T9. [292261] **Jacqui Smith** (Redditch) (Lab): Worcestershire Acute Hospitals Trust has recently reported to me on the huge progress that it is making in reducing hospital-related infections—only seven MRSA infections so far this year, well inside the rightly tough target that has been set for them. Given that that progress saves lives and saves money, how can we ensure, first, that it continues, and secondly, that money saved in Worcestershire is reinvested in improving patient care even further in Worcestershire?

The Parliamentary Under-Secretary of State for Health (Ann Keen): I welcome my right hon. Friend's question because it gives me the opportunity to congratulate the health service on the achievement of the national target for MRSA, which has reduced by 50 per cent. the number of MRSA bloodstream infections, in comparison with the number in 2003-04. The latest data for April show that MRSA bloodstream infections are down 74 per cent., but we can never be complacent in relation to these infections. We are tremendously pleased with the progress that has been made. While constantly keeping our eye on those figures, we are reinvesting money in the knowledge that we already acquired because knowing how to reduce infection rates is so important. I welcome all the improvements that have been made and look forward to discussing them in my right hon. Friend's constituency.

T5. [292257] **Mr. Simon Burns** (West Chelmsford) (Con): The Secretary of State has announced recently his policy aspiration to abolish car park charges in NHS hospitals for patients. He did not mention in his speech ancillary workers and nurses and doctors. Will that policy, if he ever has the possibility of bringing it in, apply to that group, and if not, why not?

Andy Burnham: I hear the hon. Gentleman, but of course the policy has to be affordable, and I think it fair to say that when a family has somebody in hospital, particularly if that person is in for a long time, we should make it easy for the family to visit as much as possible. To go further still and provide free parking for everybody would be a difficult policy to introduce, because it would provide an incentive for everybody in the locality to park for free at the hospital. We think it right to prioritise in-patients, but, if the hon. Gentleman is making a spending bid to go further, perhaps he should direct it to his Front-Bench team.

Fiona Mactaggart (Slough) (Lab): Monitor produced early this year a damning report on the governance of Heatherwood and Wexham Park Hospitals NHS Foundation Trust in my constituency. This week, at last, the chairman of the trust resigned. What can the Department do to ensure that when there is a failure of governance, the consequences of the past poor actions by the board and by executive officers are not taken out on staff, who may face redundancy now?

Mr. Mike O'Brien: As my hon. Friend knows, in the Health Bill yesterday we made some amendments that will enable de-authorisation to occur in particular circumstances, with the consent of Monitor. We need to ensure that when trusts are not foundation trusts, we are able to act quickly to ensure that people who are responsible for ineffective administration of the health service are dealt with; and that the strategic health authority bears in mind that there might be financial implications that it would have to consider as part of the overall regional budget.

Several hon. Members *rose—*

Mr. Speaker: With under five minutes to go, I appeal again for extreme brevity.

T6. [292258] **Tom Brake** (Carshalton and Wallington) (LD): A memorandum of understanding has been reached between Sutton and Merton primary care trust and the London borough of Sutton over the sale of land that is needed for Stanley Park high school. May I urge the Secretary of State to intervene and ensure that, as soon as possible, the memorandum of understanding is converted into a firm contract, so that this fantastic project to build a new school can proceed as soon as possible?

Mr. Mike O'Brien: I hear the hon. Gentleman, and I am very happy to have a look at the project, but, as the memorandum of understanding has already been signed, some progress is clearly being made.

Mr. Andy Reed (Loughborough) (Lab/Co-op): My right hon. Friend the Secretary of State has announced that the Care Quality Commission will be reporting in due course. He will not be surprised to hear that in a meeting with Charnwood carers group, I found that the quality of care in the community and in care homes is high on people's agenda. In fact, many were in tears at their own experiences, despite the tick-box reality of the commission's work. Will Ministers ensure that there is genuine personal care in such places? That is what people really want, for the dignity of their elderly relatives.

Phil Hope: My hon. Friend is right to highlight issues of concern about the quality of care, whether it is care of people in their own home or in residential care homes. The Care Quality Commission plays an essential role in monitoring and inspecting care homes to ensure that standards are sufficient. We need to go further and ensure that all care, whether in a care home or in a person's own home, is personal and tailored to meet individual needs. The Prime Minister's announcement of free personal care for everybody who is looked after in their own home and has the highest level of critical need is a major step forward and—

Mr. Speaker: I am grateful to the Minister.

T7. [292259] **Paul Rowen** (Rochdale) (LD): Following the recent death from swine flu of Louise Jones from Leigh, what steps is the Secretary of State taking to increase the number of extracorporeal membrane oxygenation—ECMO—beds, especially in the north? The UK has only five, whereas there are 23 in Australia.

Andy Burnham: Of course, the case of the 24-year-old woman, who did not live directly in my constituency but in Tyldesley, which is nearby and, as the hon. Gentleman knows, not so far from his constituency, was incredibly sad. I am led to understand that, in that case, the clinicians did not think it possible for the patient to travel. However, a decision was taken recently to expand ECMO provision in Leicester. The clinical advisory group advised that it was right to concentrate provision in that area, given the huge amount of training and intensive support that the unit needs. The decision has been taken, we recognise that such technology has a very important role to play and I hope that the hon. Gentleman welcomes that decision.

Rob Marris (Wolverhampton, South-West) (Lab): Some of the big pharmacy wholesalers, such as Phoenix Healthcare and Alliance Healthcare, are also retailers and so refuse to supply wholesale to small, new and independent pharmacy retailers. Will the Minister look into that apparent restraint of trade, please?

Mr. Mike O'Brien: The answer is yes, I am doing that. There are concerns about the way in which wholesalers are now using, in effect, funnels to restrict the ability of some of the pharmacy retailers to get access to drugs, thereby driving up the price. I am concerned about this, and we need to watch it very carefully.

T10. [292262] **Mr. Colin Breed** (South-East Cornwall) (LD): During the summer recess another NHS dentist in my constituency left the NHS and went private. The provision of NHS dentistry is getting worse year by year in Cornwall generally. When are the Government going to do something about it?

Ann Keen: NHS dentistry provision has improved in the past few months in most areas of the country. PCTs are given the priority to secure access to such provision for all who seek it. All 10 SHAs have now set themselves the aim of achieving that by March 2011 at the very latest.

Mrs. Ann Cryer (Keighley) (Lab): Can my right hon. Friend ensure that PCTs in areas where first-cousin marriages are the norm will provide genetic screening and counselling and ensure that the communities are aware of that provision?

Mr. Mike O'Brien: My hon. Friend raises a very important point. Before giving a firm assurance on that, we need to take some advice on the clinical implications from those whom we would call upon to carry out such tests.

Mr. John Baron (Billericay) (Con): Many cancer patients complain of feeling isolated during their treatments, citing lack of appropriate information and support. The Department's "Cancer Reform Strategy" promised the introduction of cancer patient experience surveys to help to monitor better-quality care that is given to cancer patients. Could the Minister explain why this measure still has not been introduced, two years after it was first promised, and what is he going to do about it?

Andy Burnham: I agree that it is very important to help people to live with cancer. In this financial year, we are providing some £1.6 million to Macmillan for precisely that purpose—to help people to get on with their lives and deal with the effects of living with cancer. On the specific issue that the hon. Gentleman raised, I will write to him.

Charlotte Atkins (Staffordshire, Moorlands) (Lab): Yesterday was world arthritis day. What is being done to ensure earlier diagnosis of rheumatoid arthritis, which is a very painful and disabling condition if it is not detected early, often leading to people being unable to work?

Ann Keen: That is a very important point in relation to rheumatoid arthritis. As has been stated, this week is world arthritis week. We are having a discussion with Dame Carol Black on how we can enable the health work force, particularly GPs and others, to be aware of the early detection of this painful crippling, which obviously has many implications for the patient's quality of life.

Points of Order

3.32 pm

Paul Farrelly (Newcastle-under-Lyme) (Lab): On a point of order, Mr. Speaker. I want to raise a chain of events that may be of some concern to the House. Today *The Guardian* reported that it had been prevented from reporting a written question tabled by a Member of Parliament. This morning I telephoned *The Guardian* to ask whether that MP was myself. The question was printed on the Order Paper yesterday and relates to the activities of Trafigura, an international oil trader at the centre of a controversy concerning toxic waste dumping on the Ivory Coast. The question also relates to the role of its solicitors, Carter-Ruck. I understand that yesterday Carter-Ruck, quite astonishingly, warned *The Guardian* of legal action if the newspaper reported my question. In view of the seriousness of this, Mr. Speaker, will you accept representations from me over this matter and consider whether Carter-Ruck's behaviour constitutes potential contempt of Parliament?

Mr. David Heath (Somerton and Frome) (LD): Further to that point of order—

Mr. Speaker: In a moment.

Let me first say to the hon. Member for Newcastle-under-Lyme (Paul Farrelly) that I think that he has just made representations. I am grateful to him for his point of order and for courteously giving me advance notice of it. A written question has indeed been tabled, as he said, by the hon. Gentleman himself. It is not sub judice under the House's rules. It has already been published on the notices of questions, and it is also available on the Order Paper and, indeed, on the parliamentary website. There is no question of our own proceedings being in any way inhibited. If the hon. Gentleman wants to pursue this as a matter of privilege, there is of course, as he will doubtless know, an established procedure for raising it with me in writing. Furthermore, I now understand that an injunction is no longer being sought. I hope that that reply is helpful both to the hon. Gentleman and to the House.

Mr. Heath: I also wish to speak about the matter raised by the hon. Member for Newcastle-under-Lyme (Paul Farrelly), because it seems to me that a fundamental principle of this House is now being threatened by the legal proceedings for an injunction and the consequent proceedings for contempt of court in respect of injuncted material. As you know, we have enjoyed in this House since 1688 the privilege of being able to speak freely. We have also developed the right of British citizens to know what we say in this House and have it reported freely. Is there an opportunity for a wider debate on what I think is a very substantial matter, either through a consideration of privilege or on the Floor of the Chamber?

Mr. Speaker: There are usually further opportunities, as the hon. Gentleman, as an experienced parliamentarian, can testify. I hope that he will not mind if I point out that one suitable opportunity to raise the matter might be at business questions, in relation to which he himself enjoys a privileged position.

David Davis (Haltemprice and Howden) (Con): You, Mr. Speaker, are the defender of our rights and privileges in this place. This is a new class of injunction, a so-called super injunction, in which the press are not even allowed to report the injunction itself and the existence of the case. That is how Parliament's reporting has been stopped by it. Could you undertake to the House to do two things? First, will you take legal advice to see whether the courts can be instructed not to grant injunctions that close down reporting of this place? Secondly, will you seek a meeting with the Secretary of State for Justice, who I know is sympathetic to this—it is not a party matter—to see whether the Government can act to achieve that same aim?

Mr. Speaker: I am not sure that I can accommodate the right hon. Gentleman in relation to his first question. I am not sure that it would be right to interfere with a legal process in the way that I think his question would invite me to do. I would like to reflect further upon the second point that he has very reasonably put to me.

Dr. Evan Harris (Oxford, West and Abingdon) (LD): On the same point of order, Mr. Speaker. While you are reflecting on that point, may I ask you also to reflect on whether the increasing habit of solicitors of seeking injunctions in advance of publication, not only in this case but in others, might regularly prevent newspapers from reporting such questions? Given that the efforts of John Wilkes MP in the 18th century to provide for the reporting of parliamentary proceedings were such an important breakthrough, and indeed led to the disuse of sedition laws against this House, would it be possible for you to reflect on that and see whether something urgently needs to be done to control the habit of law firms of seeking to prevent the reporting of this House?

Mr. Speaker: It has always been my pleasure to reflect on any observations put to me by the hon. Gentleman, but I fear that he is seeking to inveigle me into a wider debate than I should enter this afternoon. I think it is fair simply to reiterate the point that the proceedings of the House have been, and will be, in no way inhibited. For today, I would like to leave it at that.

Dr. Julian Lewis (New Forest, East) (Con): On a point of order on an entirely separate subject, Mr. Speaker. In a spirit of optimism, when the House rose in July, I put down an extremely short question for named day answer to the Secretary of State for Defence, simply asking

"what discussions he has held with his US counterpart on vulnerability to electromagnetic pulse attacks; and if he will make a statement."

I am tempted to say that that is hardly rocket science, but maybe it is. Nevertheless, I tabled that question at the end of July, and yesterday I had my named day answer: "I will answer shortly." Surely to put down a named day question in July and get a holding answer in October is utterly unacceptable, even with the Ministry of Defence?

Mr. Speaker: I am grateful to the hon. Gentleman for his point of order. As he will know, the content of answers is of course not a matter for me, and answers must be handled by the relevant Minister, but he makes his point with his customary force and alacrity. Who could disagree that the delay that he has experienced is

frankly unacceptable? I hope that Members on the Treasury Bench will have heard the point. I did exhort Ministers to respond in a timely way to questions, and I do believe that I emphasised in exchanges just before the recess that simply to respond with a holding answer several weeks later, along the lines of "I will respond shortly," does not meet the spirit of what I have said and is frankly resented by Members in all parts of the House.

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): On a different and somewhat more restricted point of order, Mr. Speaker. You rightly take to task Ministers who let material go into the public domain in advance of a report to Parliament. Would you consider the position of statutory bodies that have an obligation to report to Parliament? I ask that question because the Committee on Climate Change, published an excellent report yesterday in Parliament. The full report including full documentation was released at one minute past midnight yesterday and was presented to the House later that day. Should other bodies that report to Parliament also ensure that they do not release material of any substance until Parliament has had a chance to receive the report in question?

Mr. Speaker: I am grateful to the hon. Gentleman for his point of order. I will look into it and come back to him on the matter.

Parliamentary Elections (Recall and Primaries)

Motion for leave to introduce a Bill (Standing Order No. 23)

3.41 pm

Mr. Douglas Carswell (Harwich) (Con): I beg to move,

That leave be given to bring in a Bill to make provision for the recall of Members of the House of Commons in specified circumstances; to provide for the holding of primary elections in such circumstances; and for connected purposes.

It is not easy in the current climate to recall the emotions that we felt as new MPs or that mingled sense of pride and awesome responsibility when we heard the returning officer read out our names. Most hon. Members felt in their bones that entering the House was one of the greatest and most exalted moments in their lives, yet today we find ourselves scorned.

The standing of the House has never been lower. In a reversal of 300 years of democratic development, the very fact of being elected to public office is sometimes, it seems, regarded as a disqualification. We all know that this issue is not just about allowances. It is true that a thorough overhaul of the system is essential—I think everyone accepts that now—but what we have come across in our constituencies is more than a sense of anger about specific and identified expense claims. Rather, it is a more generalised rage against politicians as a class: a sense that MPs have become remote and self-serving, and that we have become spokesmen for our parties in our constituencies instead of the other way around.

We have all heard, on doorstep after doorstep, "You're all the same. It doesn't make any difference how I vote, nothing ever changes." My Bill aims to address those concerns. I want to restore dignity to this House and independence to its Members. I want to shift power from the Executive to the legislature, from parties to Back Benchers, and from Government to people.

Our constituents have a point when they complain that it does not matter how they vote. At four of the last five general elections, fewer than one in 10 parliamentary constituencies changed hands. The fifth of those was, of course, the Labour landslide of 1997, but even then, more than 70 per cent. of seats were held by the parties that already controlled them. In other words, most of us represent pocket boroughs. As long as we retain the right to stand under the colours of our parties, we have tenure. Our incentives are thus twisted. Instead of answering outwards to their voters, MPs in safe seats are encouraged by the system to answer upwards to their Whips.

My Bill would abolish the concept of a safe seat, eliminate pocket boroughs and open candidate selection to the wider public through open primaries. It would allow local people to have a direct say over who gets to be their MP in the first place, and give local people and local parties the right to petition their returning officer to organise open primary ballots. It is right that that should remain a matter of choice—this is not about legislating for political parties in a free society.

Two months ago in Totnes, we saw how enthusiastic voters are about having a say in party nominations. More than 26 per cent. of registered voters—more than 16,000 people—took part. That gives the winner of that

primary a head start in the general election and, for that reason, I hope that it will be adopted by other parties. Indeed, Members on both sides of the House have since indicated that they, too, favour the democratisation of the selection process.

One serious objection levelled against open primaries since then is the cost. The Totnes primary cost the Conservative Party somewhere in the region of £40,000, mainly in postage, yet my Bill is specifically designed to deal with that problem, and at zero additional cost to the taxpayer. Under my Bill, local people—supported by one or more parties—could petition their returning officer to organise a primary contest at the same time as a pre-existing local or European ballot. The primary election would be piggy-backed on to an election already due to take place. The returning officer would have to include an extra ballot paper with the names of those on the shortlist. Each party that chose to take part would have to pay the marginal additional cost for having its ballot paper included, but it would be a cost of hundreds not thousands of pounds.

At the same time, my Bill would provide for a recall mechanism—that is, a way to trigger a by-election where a Member of this House was guilty of serious wrongdoing. Plainly such a measure would need safeguards. We would need to ensure that it could not be triggered frivolously or on partisan grounds. We would need to guarantee that charges could not be levelled against MPs simply because they had voted with their conscience. A recall vote should be entered into—as the Book of Common Prayer says of matrimony—"reverently, discreetly, advisedly, soberly". Triggering a primary would require the backing of a significant number of local people, and it would also require confirmation of serious wrongdoing by the Committee on Standards and Privileges.

If we trust the people, we must trust their judgment in being able to spot vexatious attempts at recall. Let us remember what happened in Winchester in 1997. It was the closest we have ever come to a recall ballot in this country. The seat having been lost by two votes, the result was challenged by the loser in the courts. In what was in effect a judicially sanctioned recall election, a majority of two was turned into a majority of more than 10,000. Anyone looking to trigger vexatious recall ballots against a good MP would quickly learn why recall ballots are rare, even in California. It is the knowledge that they are possible that makes recall ballots so effective.

I was delighted to hear the Prime Minister say in Brighton that he backed the idea of recall elections. I gather that the Secretary of State for Justice told "The World at One" today that he would like to see recall ballots included in a future party manifesto. Here is his opportunity to make good on those words and back this Bill.

Our party invented and developed the idea that laws ought to be passed by elected representatives. Parliamentary democracy is Britain's greatest export, our supreme contribution to the happiness of mankind. It shames me—as I know it does you, Mr. Speaker, and other honourable Members—that in this country, the home of the mother of Parliaments, we see the democratic process held in contempt, its practitioners despised. For the truth is that no one has yet come up with a better alternative. If we do not have parliamentary democracy, we are left with anarchy or fascism.

So I urge hon. Members to support my Bill today, as a first step towards restoring the authority, legitimacy and standing of this House Let today mark the nadir of the expenses crisis, the moment at which things began to improve. We can still turn that catastrophe into a victory if we use it to reform and strengthen the mechanisms of democratic accountability. My Bill would restore purpose to the ballot box, dignity to the legislature and honour to the political process, and I commend it to the House.

Question put and agreed to.

Ordered,

That Mr. Douglas Carswell, Mr. Graham Allen, Mr. David Drew, Norman Lamb, Jo Swinson and Norman Baker present the Bill.

Mr. Douglas Carswell accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 16 October and to be printed (Bill 148).

Local Democracy, Economic Development and Construction Bill [*Lords*]

Consideration of Bill, as amended in the Public Bill Committee

New Clause 12

APPLICATION OF CONSTRUCTION CONTRACTS LEGISLATION

'(1) The Housing Grants, Construction and Regeneration Act 1996 (c. 53) is amended as follows.

(2) In section 106 (provisions not applicable to contract with residential occupiers), in subsection (1), omit paragraph (b) and the preceding "or".

(3) After that section insert—

"106A Power to disapply provisions of this Part

(1) The Secretary of State may by order provide that any or all of the provisions of this Part, so far as extending to England and Wales, shall not apply to any description of construction contract relating to the carrying out of construction operations (not being operations in Wales) which is specified in the order.

(2) The Welsh Ministers may by order provide that any or all of the provisions of this Part, so far as extending to England and Wales, shall not apply to any description of construction contract relating to the carrying out of construction operations in Wales which is specified in the order.

(3) The Scottish Ministers may by order provide that any or all of the provisions of this Part, so far as extending to Scotland, shall not apply to any description of construction contract which is specified in the order.

(4) An order under this section shall not be made unless a draft of it has been laid before and approved by resolution of—

(a) in the case of an order under subsection (1), each House of Parliament;

(b) in the case of an order under subsection (2), the National Assembly for Wales;

(c) in the case of an order under subsection (3), the Scottish Parliament."

(4) In section 146 (orders etc)—

(a) in subsection (2), for "Secretary of State" substitute "the authority making them";

(b) in subsection (3)(a), after "106(4)" insert ", 106A".'.—*(Ms Winterton.)*

Brought up, and read the First time.

3.49 pm

The Minister for Regional Economic Development and Co-ordination (Ms Rosie Winterton): I beg to move, That the clause be read a Second time.

Mr. Speaker: With this it will be convenient to discuss the following:

New clause 3—*Insolvency protection*—

'(1) The Housing Grants, Construction and Regeneration Act 1996 (c.53) is amended as follows.

(2) After section 113 insert—

"113A Insolvency protection

(1) A party to a construction contract may at any time request the other party to provide adequate security including bank guarantees and bonds in respect of payments of the contract price, including the price of any varied or additional works.

(2) Where a party fails to provide the adequate security as requested under subsection (1), the party making the request has the right to suspend any or all of his obligations under the construction contract with the party in default.

(3) The right may not be exercised without first giving to the party in default at least seven days' notice of intention to suspend performance, stating that performance will be suspended unless, in the meantime, the security requested under subsection (1) is provided.

(4) The right to suspend performance ceases when the party in the default makes available the security requested under subsection (1).

(5) The consequences of the exercise of the right of the suspension under subsection (2) are as set out in subsections (3A) and (4) in section 112."'.

New clause 5—*Prohibition of conditional payment provisions*—

'(1) The Housing Grants, Construction and Regeneration Act 1996 (c. 53) is amended as follows.

(2) Section 113 is omitted.'.

New clause 7—*Right to refer disputes to adjudication and conduct of the adjudication*—

'In the Housing Grants, Construction and Regeneration Act 1996 (c. 53), for section 108 (right to refer disputes to adjudication) substitute—

"108 Right to refer disputes to adjudication and conduct of the adjudication

(1) A party to a construction contract has the right to refer a dispute arising under the contract for adjudication.

(2) For this purpose "disputes" includes any difference.

(3) The adjudication shall be conducted solely in accordance with the adjudication provisions of the Scheme for Construction Contracts.

(4) Any contractual provision between the parties to a construction contract which adds to, omits, varies or excludes the provisions of the Scheme is ineffective.

(5) It is immaterial whether or not the contractual provision is contained in the construction contract.'.

Government amendments 21 and 22.

Amendment 1, in clause 137, page 82, line 13, at end insert—

'( ) In the absence of an agreement under subsection (1) the adjudicator shall be entitled to the payment of such reasonable amount as he may determine by way of fees and expenses reasonably incurred by him.

( ) The parties shall be jointly and severally liable for any sum which remains outstanding following the making of any determination on how the payment shall be apportioned.'.

Amendment 5, in clause 138, page 82, line 24, at end insert—

'(c) the issue of any notice, certificate, the making of any decision or on the occurrence of any event under another contract.'.

Amendment 6, page 82, line 25], leave out 'do not'.

Amendment 7, page 82, line 26, leave out '(but see section 113)'.

Amendment 20, in clause 139, page 83, leave out line 8 to 10.

Amendment 9, in page 83, leave out lines 14 to 30 and insert—

'(2) A notice complies with this subsection if it specifies

(a) the sum that the payee considers to be or to have been due at the payment due date in respect of the payment, and

(b) the basis on which that sum is calculated.'.

Amendment 10, in page 83, leave out from line 41 to line 23 on page 84.

Amendment 11, in clause 140, page 84, line 31, leave out from beginning to line 46 on page 85 and insert—

'(2) For the purposes of this section , the "notified sum" in relation to any payment provided for by a construction contract means the amount specified in the notice complying with section 110A(2).

(3) Not later than 14 days after the payment due date the payer or a specified person may in accordance with this section give to the payee a notice of the payer's intention to pay less than notified sum.

(4) A notice under subsection (3) must specify—

(a) the sum that the payer considers to be due on the date the notice is served, and

(b) the basis on which that sum is calculated, and

(c) the precise reasons that justify the difference between the notified sum referred to in subsection (1) and the sum in a notice issued under subsection (3).

(5) A notice under subsection (3) may not be given before the notice by reference to which the notified sum is determined.

(6) Where a notice is given under subsection (3), subsection (1) applies only in respect of the sum specified pursuant to subsection (4)(a).

(7) Subsection (8) applies where in respect of a payment a notice under subsection (3) is given in accordance with this section, but on the matter being referred to adjudication the adjudicator decides that more than the sum specified in the notice should be paid.

(8) In a case where this subsection applies, the decision of the adjudicator referred to in subsection (7) shall be construed as requiring payment of the additional amount not later than—

(a) seven days from the date of the decision, or

(b) the date which, apart from the notice, would have been the final date for payment,

whichever is the later.

(9) Any contractual provision between the parties to a construction contract which seeks to exclude or oust the provisions of this section is ineffective. It is immaterial whether or not the contractual provision is contained in the construction contract.'.

Amendment 16, in page 85, leave out lines 39 and 40.

Government amendment 23.

Ms Winterton: New clause 12 addresses the Secretary of State's power to disapply the operation of part 2 of the Housing Grants, Construction and Regeneration Act 1996 from certain types of construction contracts. I am grateful to the Opposition, who have had discussions about the need for the amendments, for which I thank them. While the Bill has been going through Parliament, we have been approached by a number of stakeholders from the industry and its customers concerned about the nature of the Secretary of State's power to exclude contracts from the provisions of the 1996 Act. At the moment, that Act contains an all-or-nothing power—in other words, the Secretary of State can disapply from certain types of contract all the provisions in part 2 of that Act. We would like to substitute a new power enabling the Secretary of State to disapply any—not necessarily all—of the provisions in part 2. That approach would allow us to ensure that many of the valuable features of the 1996 Act, as amended by this Bill, continue to apply—for instance, the right to stage payments, the right to adjudication and the right to suspend performance in cases of non-payment—while giving us the flexibility to deal with specific issues of direct concern. The legislation could also respond proportionately to future contractual innovation. Amendment 23 simply references the repeal of the existing disapplication power, because we are replacing it with this provision.

Amendments 21 and 22 concern pre-dispute agreements regarding adjudication costs. As alluded to in Committee, we reconsidered that issue. Clause 137 inserts new section 108A into the 1996 Act, preventing parties to construction contracts from entering into agreements before a dispute has arisen about who should pick up the costs of an adjudication. As a consequence of this broad and simple prohibition, pre-dispute agreements between parties, to the effect that an adjudicator can allocate fees and expenses as part of his decision, will also be caught. Allowing the parties to agree in their construction contract that the adjudicator has this power is current good practice, which we would like to preserve. Amendment 22 achieves that by carving out such agreements from the general prohibition.

Hon. Members raised a number of issues and tabled further amendments concerning the construction contract provision that directly reflect the points raised during previous stages of the Bill. The first issue concerned the statutory payment notice framework and is the subject of amendments 9, 10, 20 and 11. The hon. Members for North Cornwall (Dan Rogerson) and for Falmouth and Camborne (Julia Goldsworthy) seek to introduce two changes, creating a situation in which only a payee can issue the statutory payment notice, and introducing a statutory period within which a notice amending the amount in the payment notice can be issued.

It might help if I set out what changes the Bill makes to the 1996 Act statutory payment framework. The framework is of particular interest to small firms in construction supply chains and has been a matter of much correspondence and debate. The Bill takes a number of steps to tighten up the statutory payment framework to ensure greater clarity and certainty of cash flow, and requires that the amount in the payment notice as, and if, revised, be paid on, or before, the final payment date—in other words, pay now and argue later. The 1996 Act did not achieve that.

If the parties agree in contract, the payee is allowed to issue the statutory payment notice under the 1996 Act. Under that Act, only the payer could issue the statutory notice. When the parties agree that the payer should issue the statutory notice and he fails to do so, we give the payee the right to issue the notice. The 1996 Act was silent on what might happen when the notice was not issued.

The changes address the failure of the 1996 Act's payment notice framework to determine what will be paid. There is broad agreement in the industry that the amendments have the effect of crystallising what will either be paid or in dispute at the final date for payment, which we think is an important step forward. However, today's amendments take that a step further. Under the 1996 Act only the payer can issue the statutory payment notice. The Bill removes that restriction and allows the payer, the payee or a third party to issue the notice. The change is permissive, allowing a broad range of commercial practices to continue unburdened by legislation, rather than adopting the more restrictive approach proposed in amendments 9, 10, 11 and 20.

Currently, some forms of contract provide, for instance, for an architect to certify the value of the work and issue the payment notice. It is wholly reasonable for an inexperienced customer of the industry who is commissioning a complex construction project—a large factory extension on a difficult site, for example—to

[Ms Rosie Winterton]

require his or her architect to value the work and issue the statutory payment notice, rather than handing that right to his contractor.

Amendment 11 seeks the introduction of a statutory period within which a counter-notice can be issued. We considered that proposal and asked about it more widely around the industry. The general conclusion was that although the proposal might provide the payee with greater certainty about what would be paid, it would do so at the expense of extending payment periods and reducing the amount of cash flowing.

A number of issues have been raised in connection with insolvency and new clauses 3 and 5, as well as amendments 5, 6, 7 and 16. New clause 3 would enable firms working under construction contracts to demand security of the payments due to them. New clause 5 and amendments 5, 6 and 7 would remove the 1996 Act's insolvency exception to the prohibition of pay-when-paid clauses. Another effect of amendment 11 would be to remove the provision that we have included to deal with any uncertainty surrounding the Melville Dundas court decision.

All the proposals rest against the same core principle. That principle is simple and clear: the insolvency regime applies to all businesses, regardless of the sector in which they operate. Without that consistency across business, it is hard to see how the insolvency regime can operate in an equitable way. In their own way, each of the amendments seeks to create a different position for firms covered by the 1996 Act from those that are not. We feel that it would be wrong for legislation to distinguish between business sectors where there is an insolvency.

New clause 7, tabled by the hon. Member for Shrewsbury and Atcham (Daniel Kawczynski), applies to single mandatory adjudication schemes and would ensure that the statutory adjudication provisions applied to all construction contracts offered under the 1996 Act. The Act intentionally covers a wide range of contracts between very many types of organisations in construction supply chains. Whatever we introduce must work in a broad range of commercial relationships—for instance, a client's relationship with his or her architect or with the main contractor, as well as the main contractor's relationship with his or her subcontractor. Given this, we continue to believe that the flexibility for adjudication procedures inherent in the 1996 Act represents the right approach. I therefore ask hon. Members to withdraw their amendments, and to accept new clause 12 and amendments 21, 22 and 23.

4 pm

Mr. Stewart Jackson (Peterborough) (Con): I congratulate the Minister on wading into the construction contracts in part 8 of the Bill. As we know, there was quite a merry-go-round of Ministers when we considered these matters in Committee in June. The hon. Member for Portsmouth, North (Sarah McCarthy-Fry) was a game trouper in that regard—she had about two days to prepare for this complex and difficult subject. The Minister for Regional Economic Development and Co-ordination has perhaps had a little longer over the summer break.

We would do well to consider the wider issues that the new clauses and amendments are seeking to address, including the fact that late and disputed payments are a recurring problem in the construction industry. Anecdotally, we know that main contractors are known to hold money back, to the detriment of the small and medium-sized enterprises that are their subcontractors. We believe that the 1996 Act needs updating to tackle the continuing problem of late and unreasonably disputed payments in the sector, and we welcome the decision to legislate on this.

We also support the strengthening of the adjudication system. Indeed, the Minister will know that we have consistently lobbied for that system to be overhauled over the past few years. It is a matter of regret that we are still not in a position, in the dying days of this Government, to meet the undertaking made by previous Ministers to introduce a stand-alone construction Bill that would be subject to a proper debate, rather than having this spatchcock addition to a Bill on local democracy and regional issues. Let us not be too churlish, however; we are debating the issue now.

We support the aims of the clauses on payments, but we want to ensure that they are as simple and fair in their operation as they can reasonably be. There is not a consensus on this matter. Many of the trade organisations and associations—to be fair, the vast majority of them—have supported the changes in the Bill, but a number still have concerns, including the Construction Confederation. However, the specialist engineering contractors have consistently supported the proposals during the Public Bill Committee and Report stages.

We have no opposition in principle to new clause 12, which will place on a more formal footing and a statutory basis the provision for adjudicators in the devolved nations to take corrective action in respect of material inaccuracies and irregularities in contracts. We see that as more of a tidying-up exercise, although I would add the slight caveat that the issue should have been addressed before Report stage. It could have been discussed in Committee, for example. Wales and Scotland have had devolved Governments for quite some time now, but someone obviously did not spot that. Having said that, we had a debate on clause 136 in Committee in June.

There is much merit in new clause 3, tabled by the hon. Member for Meirionnydd Nant Conwy (Mr. Llwyd)—

Mr. Mark Prisk (Hertford and Stortford) (Con): Very good!

Mr. Jackson: I am not a fluent Welsh speaker, but I do my best.

I think the new clause is important for this reason. Of course we do not want to see undue bureaucracy and paperwork in the contractual relationship between smaller contractors and larger developers, but the situation is pretty critical in respect of how the economic downturn and recession have hit small and medium-sized enterprises. In those circumstances, it is well worth looking at any legislative measures to assist small building firms and contractors to stay in business and to have the peace of mind and security to safeguard their financial viability. I note that the Government did not dismiss the matter out of hand in Committee.

It is well for us to look at the facts. Barclays bank believes that small and medium-sized enterprises have lost more than £1.16 billion in the past year because of non-payment. Over the past year, there has been a more than 50 per cent. increase in insolvencies in the industry—more than double the same figures for the manufacturing sector—and according to PricewaterhouseCoopers, nine construction industry firms a day are going into insolvency.

Mr. David Heathcoat-Amory (Wells) (Con): I am glad to hear my hon. Friend speaking in this way. Is he also aware that subcontractors often find it difficult to get credit insurance against that eventuality, so they are subject to the market strength exerted by the superior contractor? When the ultimate client goes bust, being subject to pay-when-paid contracts puts them in a very difficult position in what is already a recession. Will my hon. Friend lead on to some policy changes that he might support, perhaps when in government, in order to remedy the situation?

Mr. Jackson: My right hon. Friend pre-empts my remarks intended for later when the hon. Member for Falmouth and Camborne (Julia Goldsworthy) speaks to her amendments that deal with the pay-when-paid arrangements. No doubt the Minister will also make some comments about them. If we are talking about "real help now", to use a hackneyed phrase of this Government, we certainly need it now to secure the future of these small companies.

We do not want to fetter the discretion of either party to the contract, as we want them to have a mutually beneficial and trusting contractual relationship to get the job done and get paid. We know that in the real world—with cash-flow problems and our friendly bank managers on the case—that does not always happen, which is why we need to safeguard the vital contribution of SMEs to the industry. I do not generally pray in aid the right hon. Member for Salford (Hazel Blears), but she did say on Second Reading:

"I think that it is very important that small businesses in the construction supply chain, in particular, have as much protection as they can."—[*Official Report*, 1 June 2009; Vol. 493, c. 37.]

I think that we would all agree with that.

Mr. Prisk: I shall not detain my hon. Friend long. He is absolutely right to suggest that, in addition to the Bill, we need a clear sense of purpose and direction from the Minister—my hon. Friend has just quoted a previous Minister. That is crucial if we are to get the right collaborative and positive approach that the industry needs after going through such a difficult period last year. Does my hon. Friend agree that drawing that out of the Minister—we hope that she will respond—is perhaps as important as the details of the legislation before us?

Mr. Jackson: As usual, my hon. Friend, the shadow construction Minister, makes an apposite point. There was a good degree of consensus in Committee, under the present and previous Ministers, but as they say, kind words butter no parsnips. We shall find out the Government's intentions today and discover whether they are keen to assist in a practical way when it comes to new clause 3. No doubt the hon. Member for Meirionnydd Nant Conwy will make his case in his usual cogent and powerful way.

Let us move on to new clause 7, which was tabled by my hon. Friend the Member for Shrewsbury and Atcham (Daniel Kawczynski) over the summer. The then Minister made some pertinent points about single statutory adjudication, and seemed minded to accept the strong case for it. She said:

"On the wider point about a single statutory adjudication scheme, it would introduce greater clarity and simplicity but it would also represent a much more significant intervention into freedom of contract".—[*Official Report, Local Democracy, Economic Development and Construction Public Bill Committee*, 18 June 2009; c. 237.]

I am not sure that that case was made very strongly with evidence, and I do not think that the Minister convinced the Committee as a whole or her own side in particular.

As I mentioned on that occasion, on 3 March, in the Grand Committee—which was specifically discussing a single scheme for adjudication—Lord Brett said:

"That would not be unreasonable. Therefore, we have made an offer to the industry that we will conduct a thorough review of the existing adjudication scheme set out in secondary legislation when we make amendments".—[*Official Report, House of Lords*, 3 March 2009; Vol. 708, c. GC293.]

That leads me to press the Minister on the specific subject of single statutory adjudication. When will the review take place, and what are its terms of reference? Given that we are in a crisis period involving disputes between larger and smaller parties in the construction industry, when will we see the results of the review? Will it feed through into—possibly—secondary legislation? If the Minister is not minded to assuage my concerns and those of my hon. Friend the Member for Shrewsbury and Atcham today, will she at least tell us whether the review is forthcoming, and what it will say?

I will be brief, because other Members wish to speak and important aspects of other clauses require proper debate. We applaud the changes that the Government have made in amendments 21 and 22: they have listened to the views expressed, across a wide spectrum, in Committee in June. I will not steal the thunder of the hon. Members for North Cornwall (Dan Rogerson) and for Falmouth and Camborne, but their amendments have considerable merit. We are inclined to support them at this stage, but the Minister may well surprise us and accept them, and we look forward with interest to hearing what she will have to say.

The construction sector is in crisis. The Government must do all they can to assist an industry which has probably been hit harder than any other industry in the country as a result of the recession. We look to the Minister to give the necessary leadership, to note the consensus across all parties and out there in the construction world, and to accept the amendments.

Julia Goldsworthy (Falmouth and Camborne) (LD): I commend the Minister on the way in which she has handled being dropped into this compost heap of a Bill at short notice, and probably into the most complicated part of it. We have no particular problem with the Government amendments, the purpose of which is largely to tidy up and to deal with the devolution question. However, we do not think that the Government have approached this issue with the right perspective.

It is important to remember that 90 per cent. of the work force employed in the construction sector are employees of businesses consisting of six or fewer people.

[Julia Goldsworthy]

At present, the larger organisations have the whip hand. We fear that the views of the much smaller businesses that constitute the majority of the industry are not being heard, and are not being reflected in the Bill. That is why we have raised the issue of the balance of power between payee and payer in amendment 20 and consequential amendments 9, 10, 11 and 16, and the whole subject of conditional payments. The hon. Member for Meirionnydd Nant Conwy (Mr. Llwyd) will raise similar issues involving insolvency. Although we agree that there is a wrong to right in the existing system, and I understand the Minister when she says that we need a tightening of the provisions, clarity and certainty, we feel that our amendments would achieve greater fairness, reduce complexity and minimise the amount of regulation that will be necessary.

4.15 pm

Our amendments would reduce the verbiage in clauses 139 and 140 by more than 50 per cent. They are supported by the Federation of Small Businesses, the Specialist Engineering Contractors Group and Unite, the union. Although the Government proposals try to redress the balance and to create equality between the payee and payer, we are saying that, in effect, it is always the payer who has the greater power and that the arrangements will still leave the payer with the greater power, because the bargaining power of the payee is unequal. Our proposal is based on contracts legislation in New Zealand and other legislation in Australia, and we think that there is a precedent for pursuing that line. I hope that the Minister will heed the words of the hon. Member for Peterborough (Mr. Jackson), which are echoed on the Liberal Democrat Benches. We feel that there is consensus on the issue and that there is a need to move forward.

Mr. Stewart Jackson: Is the hon. Lady aware that a number of Ministers over the past few years have promised to look specifically at international experience of the scheme, particularly single adjudication, and that that does not seem to appear in the Bill or in secondary legislation?

Julia Goldsworthy: I was aware of that, and it leads me to another concern. Although there has been consultation on all issues, it is much easier for the very large organisations to engage in that consultation and very difficult for the smaller organisations, which make up the majority of the industry. We are also concerned that a lot of the consultation took place before the catastrophe that has hit the construction industry. The world has moved on dramatically and the Government's approach has not reflected those changes.

On the conditional payments provisions and the so-called "pay when paid" clauses, I listened carefully to the Minister, and I have heard her say on more than one occasion that she is taking that position because insolvency provision has to apply equally across all business, but she has not explained how banning pay-when-paid clauses on the insolvency of a third party is in conflict with insolvency laws. My understanding is that the original purpose of the legislation was to ban all pay- when-paid clauses, without exemptions. I understand that that has been adopted in New Zealand, Australia and Singapore. We have not had a decent explanation of exactly why the provision crept in. The conclusion that Liberal Democrats draw is that it had to do with some major lobbying, rather than inconsistency in law. I bring the Minister back to the issue of perspective. We are worried that insolvencies further up the line could generate more insolvencies down the line. There is a danger of a domino effect in the current economic situation.

Mr. Colin Breed (South-East Cornwall) (LD): A number of smaller firms sometimes find that they are working perfectly satisfactorily and are then hit by a large bad debt. Their security of payment has completely gone. They then have to lay off people who have been working jolly hard, because something further up the line has been visited upon them and they do not have the capacity to sustain it. We will lose a lot of jobs in the construction industry in very small firms, not because they have not been trying to work properly, but because people up the line who have owed them substantial sums have failed. That domino effect will have a major impact on small businesses.

Julia Goldsworthy: My hon. Friend makes an important point. We have to remember that, in the construction industry in particular, so many of the costs are sunk: once the companies have built the building, they cannot recover the costs. It is difficult enough for them to manage the potential insolvency of their payer, let alone a third party. If we look at it from their point of view, how on earth are they supposed to get credit insurance to deal with such issues? They are being placed in an impossible position. It is an important issue that needs to be addressed. It ties into the point raised by the hon. Member for Meirionnydd Nant Conwy (Mr. Llwyd).

A precedent has been established by the House of Lords. It raises concerns and encourages businesses to go against the provisions set out in the Bill. Basically, it encourages them to withhold payment in order to hedge against the risk that they will then become insolvent. It is important that the proposal is incorporated into the Bill. I am minded to support the hon. Gentleman, but we are also minded to press some of our amendments to a vote should the Minister feel that it is not appropriate for the Government to co-operate.

Mr. Nick Raynsford (Greenwich and Woolwich) (Lab): First, may I draw attention to my interests as declared in the Register of Members' Interests?

The Housing Grants, Construction and Regeneration Act 1996, which was the basis of the provisions being amended by part 8 of the Bill, was an important measure that addressed real concerns within the construction industry about the litigious characteristics of the industry, the tendency for different parties to fight each other, and the considerable problems of payment that existed within the industry as it operated in the 1980s and 1990s.

The motive for the 1996 Act was the Latham report. It was the work of Sir Michael Latham, a distinguished former Member of this House, and it commanded all-party support. I was very pleased, as Opposition spokesman on construction at that time, to give full support to Sir Michael's proposals and to the legislation that flowed from them. I was even more fortunate, as a

Minister in the early days of the current Government, to be in a position to introduce in the late 1990s the provisions of the 1996 Act, together with the scheme for construction contracts which was developed under the powers in that Act. That was a further reinforcement of the bipartisan approach towards improvements in the culture of payment and the reduction in litigation in the construction industry.

Those proposals were not, of course, a total panacea. There remain problems and weaknesses in procedures that have not yet been tackled. There is obvious unhappiness on the part of some parties to construction contracts that payment is not always made when it should be, and that the stronger party can often use its muscle to try to impose unreasonable conditions, but for all that there has been an advance. The amount of litigation has been reduced, and the use of the adjudication procedure is now much more widespread. There is general agreement that the provisions of the 1996 Act have been beneficial.

However, there is still a need for further improvement, and this Bill carries forward proposals that were the subject of intense debate within the construction industry over several years but which should add further improvements to the provisions of the 1996 Act. Inevitably, this is a compromise. There is a range of different points of view within the industry. It is highly fragmented and it is almost impossible to anticipate a situation where a package of reforms would satisfy all parties and be unanimously agreed. However, the compromise the Government have proposed is a sensible and practical one that achieves significant improvements, both in terms of the adjudication procedure and some of the elements relating to payment procedures, and I welcome its provisions.

There will still be problems, and issues of cash flow affecting smaller firms—particularly small and specialist constructors—will remain very difficult. In the current economic climate cash flow for smaller firms down the supply chain remains a critical issue.

Mr. Breed: One problem banks now have is the provision of much needed cash flow support through overdrafts and loans. Because of the weaknesses in the system, there is a feeling that if they support small firms they could end up being owed an awful lot of money by a failed company.

Mr. Raynsford: There are of course a number of different aspects to the issue of cash flow, and the hon. Gentleman rightly identifies one of them as the availability of finance from the banks, which remains a difficulty. There is also the problem of cash flow resulting from payment by a contractor to a subcontractor down the supply chain. That causes a lot of concern among smaller and specialist contractors, and the payment and adjudication provisions in the Bill may help to improve it in some respects.

I understand the concerns of those who do not believe that the Bill goes far enough, but I believe it is an important, progressive step building on what has been achieved so far, and that its introduction will be helpful. Nevertheless, when we debated these particular provisions in Committee, I expressed concern that one change in the adjudication procedure could have an unintended and malign effect. The changes proposed by the Government were designed to outlaw the imposition by the more powerful party in a contractual arrangement of unfair terms requiring the other party to meet all the costs of adjudication, thereby deterring that other party from seeking adjudication in the first place. The sensible provision was to make null any contractual term that had that effect, in which case the scheme for construction contracts, which is the default provision, would come into force, and it, of course, would not include any such restrictive provision.

That provision was sensible, but when looking at how it was due to work, I was advised by a number of people in the construction industry—this was reinforced by the Royal Institution of Chartered Surveyors in its representations on the subject—that it could have the malign and unintended consequence of preventing the adjudicator from getting any payment. That would be a serious deterrent to anyone taking on an adjudication. Clearly that was a proper and reasonable concern, so I aired it in Committee and subsequently tabled amendment 1 to remedy it.

The purpose of amendment 1 was simply to say that in the absence of any specific agreement the adjudicator would be entitled to the payment of

"such reasonable amount as he may determine by way of fees and expenses".

That seemed a fairly straightforward way to address the matter. The Government have come back with amendments 21 and 22, which address it in a different way but have the same effect. Amendment 22 specifically says:

"The contractual provision referred to…is ineffective unless—

(a) it is made in writing, is contained in the construction contract and confers power on the adjudicator to allocate…fees and expenses as between the parties".

On the surface, that seems to achieve the desired effect and I welcome it. I have heard some representations made that it could still leave a lacuna whereby a contract could be devised that included exactly such a provision for the adjudicator to be entitled to payment of reasonable expenses but that might separately seek to impose a condition about other costs, including the legal costs of the parties—if they incurred such costs—being met by one party. I am assured that that is not the case, but I would welcome reassurance from the Minister that there is no scope for such a lacuna in the provisions which would allow the good intentions of the Government's provisions to be bypassed. I hope that she will be able to give me that assurance. If she can do so, I will be happy not to press my amendment and to favour Government amendments 21 and 22.

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): In speaking to new clause 3, I must acknowledge the huge assistance that I have received from Professor Rudi Klein, who is chief executive of the Specialist Engineering Contractors Group. I should also mention that the Unite union is fully in favour of the contents of the new clause. The point of the provision is to address the gross inequality, to which reference has been made in several speeches, between the main contractor and a small or medium-sized enterprise further down the line. The hon. Member for Falmouth and Camborne (Julia Goldsworthy) referred to the fact that those building firms typically have five or six employees, and having to lose out on several hundred thousand pounds without any redress is often a death knell to them. As has been

[Mr. Elfyn Llwyd]

made clear, the building industry has probably been the worst hit industry in this recession. That is no surprise, because it is always the first to be hit, but it has been particularly badly hit. The Governments in this place and in Cardiff—I am sure the same is happening in Scotland—are bringing forward Government contracts to try to perk things up, and that is all to the good.

New clause 3 seeks to make a slight variation on the whole issue of insolvency protection. It states:

"A party to a construction contract may at any time request the other party to provide adequate security including bank guarantees and bonds in respect of payments of the contract price, including the price of any varied or additional works...Where a party fails to provide the adequate security as requested...the party making the request has the right to suspend any or all of his obligations under the construction contract with the party in default...The right may not be exercised without first giving to the party in default at least seven days' notice of intention to suspend performance, stating that performance will be suspended unless, in the meantime, the security requested...is provided...The right to suspend performance ceases when the party in the default makes available the security requested under subsection (1)"—

and so on.

4.30 pm

We all know of various tales of woe of smaller small and medium-sized enterprises in the building industry hitting the wall not because of anything that they have done but because of the inequality between themselves and the main contractor, which I would describe as the inequality of arms par excellence. Let me cite one example. Two sister companies—Pierse Contracting and Pierse Contracting Southern Ltd—recently went into insolvency. Both continued to commission construction work and engage subcontractors over the past 12 months, when they were clearly insolvent. Just over a year ago, the net worth of each company was between minus £400,000 and minus £500,000. In the past year, the former company had 29 unsatisfied county court judgments against it and the latter had 43. Companies in Pierse Group—the holding company—regularly moved whatever assets they had between themselves and businesses in Ireland.

Both Pierse Contracting and Pierse Contracting Southern Ltd were engaged by public sector bodies as main contractors. Such bodies included authorities in Wales and in England, and one was the Cheshire police authority. Pierse Contracting was the main contractor for the tactical training centre at Winsford in Cheshire—a project to the value of £10.7 million. As a result of Pierse Contracting's insolvency, a number of subcontractors have been put in peril, including one that has lost more than £600,000. This situation, I regret to say, is not unusual within the industry—nor is it new. Firms are engaging supply chains to carry out work when their liabilities exceed their assets—in other words, when they are insolvent. Often work is commissioned by developers that are £100 companies with no assets to speak of.

Of course, another issue is important. Why are public sector bodies engaging insolvent main contractors and therefore putting them in a position to inflict substantial financial damage on the rest of the industry? In a letter dated 17 May 2004, the then Chief Secretary to the Treasury said that

"the primary problem facing suppliers is the uncertainty over when and indeed if payments are made".

He went on to say that

"the difficulties caused to suppliers"—

in the construction industry—

"in the event of insolvency higher up the supply chain requires analysis. Regardless of the payment or contractual arrangements in place, it is important that suppliers receive fair treatment."

Given the fact that insolvencies up the supply chain are now causing severe distress to many small and medium-sized enterprises, which do not have the ability to protect themselves against insolvency risk or even to manage the risk through credit insurance or bank borrowing, it is now time for the House to legislate on the matter. Construction SMEs are now losing almost £1.16 million a year because of non-payment, according to the recent Barclays local business annual late payments report. The incidence of insolvencies in the construction industry is four times greater than in other industries.

During the Bill's passage through the other place, no less an expert than Lord Borrie QC introduced an amendment to help firms faced with the Pierse Contracting scenario. In effect, my new clause 3 reintroduces those amendments, and I believe that it is straightforward and self-evident. Firms in the construction industry already have a statutory right to suspend contracts for non-payment, and the proposal is that that right should be extended to cover circumstances in which a procurer of construction works is unable, on request, to provide security such as a bank guarantee or payment bond. Where such security cannot be provided, and there is evidence of the payer's inability to pay, the payee would be able to suspend the contract.

Let me dispose of some of the arguments against the new clause. First, if the payer were to fail, fewer assets would be available to satisfy other creditors. As I have said, the subcontractor already has a statutory right to suspend a contract for non-payment. If that happened and then the payer subsequently discharged the payment, there would still be fewer assets left for creditors in the event of the payer becoming insolvent. Failure by the payer to provide a bank guarantee or payment bond indicates that he does not have the funds to discharge payment when it falls due.

Moreover, why should the payee continue to provide valuable work and materials when he knows that he is unlikely to be paid for them? New clause 3 would simply extend the use of the statutory right of suspension as a pre-emptive strike, as it were. Non-construction creditors are likely to have more effective ways—such as the retention of title clauses, for example—to deal with insolvency risk: why should construction firms be expected to continue working to benefit their creditors? If the new clause were to help 1,000 small and medium-sized enterprises in the construction supply chains from going into insolvency, thereby saving a substantial number of jobs, it would have served its purpose.

Moreover, payment security would help small firms seeking funding from their banks. The new clause would help to address the problem posed by the banks' current reluctance to lend to SMEs. It has been said that compelling the payer to provide security would be expensive, and that ring-fencing any of the payer's funds could increase the risk of the payer's insolvency. However, if the payer cannot provide a form of security that shows his ability to pay, he should not commission the work.

It is extremely expensive for the payee to finance the provision of plant, equipment, work and materials over the lengthy credit periods that are now common in the industry. A period of 60 to 90 days is becoming the norm, and the fact that the payee—usually an SME—is expected to finance such a long period increases the risk that he will become insolvent. That risk is further increased by the possibility that the payer could also become insolvent.

In some sectors of the industry, such as lift installation and structural steel work, 80 per cent. of the value of a contract—that is, for lifts or steel—is supplied to a site without any payment being made. The payment process does not begin until the goods are on site, and there is no deposit on order. In addition, the payee is normally expected to provide security for performance, through instruments such as performance bonds and retentions—the practice by which 5 per cent. of payment is withheld until work is completed.

The Government believe that, in contrast with other industries, construction firms should get preferential treatment over unsecured creditors, but that argument is relevant only if the payer becomes insolvent and the security mechanism kicks in. On the other hand, if the payee goes into insolvency, the payer is likely to have at least eight weeks of the payee's moneys in the amount withheld in retentions, the performance bond and a parent company guarantee. Therefore, other unsecured creditors currently get preferential treatment over construction creditors, as they can take advantage of the funds intended for the insolvent's supply chain. An administrator for the main contractor is usually called in when that contractor has been put in funds for onward transmission to the supply chain. It is widely accepted that payees in the construction industry do not have the ability to protect themselves against payer insolvency—for example, retention of title clauses are of little use. Once goods and materials have been used in a construction, title is lost. Furthermore, because of the current economic crisis, credit insurance has been withdrawn from thousands of firms.

In the 1994 report, "Constructing the Team"—referred to by the right hon. Member for Greenwich and Woolwich (Mr. Raynsford)—which led to the Construction Act 1996, Sir Michael Latham fully acknowledged the problem of lack of protection against payer insolvency. He recommended statutory trust funds, but that proposal was not carried through in the Act. He repeated his recommendation in a report in September 2004 and the then Minister agreed to look at the problem.

Throughout Europe, north America and Australia, the problem is acknowledged in construction-specific legislation, offering payee protection against payer insolvency. The Miller Acts in the United States, which apply at federal, state and local authority level, require main contractors to give payment bonds to their subcontractors. Canada and the States have a system of liens, or charges, that can be placed on the building by those who are owed money.

France has legislation to require payers to provide bank guarantees and to pay subcontractors directly if a middleman goes into insolvency. German legislation requires all procurers of construction work to provide adequate security. Swiss legislation enables construction firms to place a charge on the property within three months of the date that payment became due.

At present, millions of pounds-worth of construction works is being procured by firms with few or no assets—as I said, £100 development companies often procure multi-million pound projects. The majority of main contracting companies do not have the wherewithal to pay their supply chains unless or until they receive cash from their employers or clients. Once the cash is received they hold on to it for as long as they can, until they themselves go into insolvency and the cash is instead handed over to the secured creditors. It is, therefore, not surprising that the number of insolvencies in the construction industry is far greater than in other industries.

There is concern that the new clause would mean that the construction industry was treated differently in respect of creditors, but as I have explained they are already treated differently, to their detriment. Section 159 of the Companies Act 1989 provides an exemption from the rules for distribution of an insolvent's assets. The exemption applies to schemes operated by investment exchanges and finance clearing houses in relation to the settlement of debts arising under market contracts. That appears to be an exception.

Our new clause reinforces the provisions in part 8. There is little point in improving cash flow arrangements for the construction industry unless the cash is there in the first place. Over the long term, the proposal would bring about a better resourced and, therefore, a more efficient industry. The construction industry is key to efforts to recover from our current financial problems.

I have some further notes, but time is pressing and I think I have made my case. I hope to press new clause 3 to a Division in due course.

4.45 pm

Ms Rosie Winterton: This has been a wide-ranging debate, which is a reflection of its importance to hon. Members. Obviously, many of us are concerned about the construction industry at the moment, and the Government have certainly tried to introduce a number of measures to give it assistance in what are inevitably difficult times.

The debate has demonstrated that, as my right hon. Friend the Member for Greenwich and Woolwich (Mr. Raynsford) has said, this is a difficult area, and different parts of the industry inevitably hold strong views about the provisions before us and those in the 1996 Act. As a result, in the course of discussion with parties in the House and with parts of the industry, the Government have looked at the different sides of the argument and put forward elements of compromise in the Bill.

The debate has shown that there can be a polarisation of ideas—for example, between smaller and larger firms—and the different and complex types of contract. We are trying to make the system simpler and to ensure that protections are in place, because of the importance of the industry and those who work in it, and because of the importance to national, regional and local economies of making sure that we get the legislation right.

Mr. Stewart Jackson: Surely the right hon. Lady accepts that it would have been better to introduce these proposals in less difficult and more economically benign times. The right hon. Member for Greenwich and Woolwich (Mr. Raynsford) has mentioned the Latham review. We

[Mr. Stewart Jackson]

have had two substantive and detailed public consultations, detailed papers by the then Department of Trade and Industry, and the policy of the Welsh Assembly, yet only now, years after the Latham review, are the Government bringing forward the proposals, tacked on to another Bill and not as part of a substantive construction Bill. Is that not a fair point?

Ms Winterton: What is important is that we get this right, and there have been a number of discussions about how to do that. We should look on the bright side and say, "Here we are, debating these proposals today." I am pleased that a number of proposals have support from Opposition parties, even though there is a desire on the part of some right hon. and hon. Members to go further than we have and to put forward different ideas. The important thing is that we have the Bill before us today, and I hope that means the Opposition will support the overall direction of the Bill on Third Reading.

Having addressed the importance of the debate and the attempt to find a solution to some of the issues that have been raised, I shall move on to some of the points that have been made in the debate. The hon. Member for Peterborough (Mr. Jackson) asked about the single statutory adjudication review. I assure him that the secondary legislation will be reviewed in the light of the responses to the consultation. We hope to consult early in the new year. Of course, the statutory scheme will continue to apply where parties make inadequate provision in their contract for adjudication. We will deal with that in secondary legislation.

Only this morning, I was discussing with officials the fact that the ideas advanced by my right hon. Friend the Member for Greenwich and Woolwich were the inspiration for amendment 22. But, I want to assure him that there will not be a lacuna. We will allow a particular type of pre-dispute agreement, regarding costs—a clause in the parties' construction contract to the effect that an adjudicator will be able to allocate his own costs as part of his decision.

I shall now address new clause 3. As the hon. Member for Meirionnydd Nant Conwy (Mr. Llwyd) has said, the new clause would introduce to the 1996 Act a provision enabling firms to request security regarding payments from the payer. That would give the payee under a construction contract the statutory right to demand adequate security from the payer in the form of a charge or a bank guarantee in respect of the payer's payments under the contract. If no security were forthcoming, the payee would be entitled to suspend performance until it was. Moreover, the payer would have to pay the payee an additional sum reflecting the extra costs that the payee incurred in stopping work.

Consequently, if the main contractor were to fail, his other creditors—quite possibly not construction firms—would be in a much weaker position. Depending on the type of security, there would be fewer assets available to satisfy claims. Any trading partner of the contractor would be able to request such security during the normal course of business, but that partner would not be able to demand it. The ability to demand security would put the construction subcontractor in an unjustifiably stronger position.

Mr. Llwyd: Surely the point is that the subcontractor would have delivered materials to the site, used employees to build a building and done everything that he could, up to a point. The subcontractor would not be able to recover all that, so they would be in a very weak position—far weaker than any normal party to any normal contract. That is the point, with respect.

Ms Winterton: As I have said, the case that the hon. Gentleman highlights would put other creditors in a weaker position. Other trading partners of the contractor would be able to request such security during the normal course of business, but they would not be able to demand it, which is why the new clause would not be the right approach. In addition and practically, compelling the payer to provide security would be expensive—perhaps prohibitively so. For example, a bank would charge for a guarantee, and, if the nature of any security were such that funds had to be ring-fenced so that the payer was unable to use them for day-to-day operations, the payer would be more likely to fail anyway.

New clause 5 would repeal section 113 of the Housing Grants, Construction and Regeneration Act 1996. The new clause would, it appears, allow the parties to a construction contract to rely on all types of pay-when-paid clause. However, amendments 5, 6, 7 and 16 would continue to prevent the parties from relying on pay-when-paid clauses, and because of that new clause 5 would remove the insolvency exceptions. We need to be careful that we do not create a situation for construction insolvencies different from those involving other businesses, and preventing construction firms from using pay-when-paid clauses in insolvency cases would clearly do that.

I thank the Opposition for their support for the Government amendments. I again emphasise that the Bill must provide a balance between the needs of all parts of the construction industry. For that reason, I ask Opposition Members to withdraw their amendments and to support the Government amendments.

Question put and agreed to.

New clause 12 accordingly read a Second time, and added to the Bill.

Mr. Llwyd: On a point of order, Mr. Deputy Speaker. I apologise for interrupting, but I indicated that I wanted to press new clause 3 to a vote.

Mr. Deputy Speaker (Sir Alan Haselhurst): I will invite the hon. Gentleman to do that at the appropriate time, when we reach it—it will not be forgotten.

New Clause 19

MUTUAL INSURANCE

'(1) Subject as follows, a qualifying authority may —

(a) become a member of a body corporate—

(i) all of whose objects fall within the objects specified in subsection (2), and

(ii) all of whose members are qualifying authorities, and

(b) do anything that is required by, or is conducive or incidental to, membership of any such body.

(2) The objects referred to in subsection (1)(a)(i) are—

(a) to provide insurance, in relation to risks of any description, to—

(i) qualifying authorities who are members of the body corporate, and

(ii) persons prescribed in regulations made by the appropriate national authority,

(b) to enter into arrangements under which such insurance is provided to—

(i) qualifying authorities who are members of the body corporate, and

(ii) persons prescribed in regulations made by the appropriate national authority, and

(c) to do anything that is required by, or is conducive or incidental to, the provision of any such insurance or entering into any such arrangements.

(3) The power of a qualifying authority under subsection (1)(b) includes in particular power—

(a) to pay premiums and make other payments to the body corporate;

(b) to agree to make any such payments;

(c) to assume financial obligations in relation to persons prescribed for the purposes of subsection (2)(a)(ii) or (b)(ii).

(4) The appropriate national authority may by regulations impose restrictions or conditions on the exercise of any power conferred on a qualifying authority by subsection (1).

(5) A qualifying authority must, in exercising the powers conferred by subsection (1), have regard to—

(a) any guidance issued by the appropriate national authority, and

(b) any guidance or document specified in regulations made by the appropriate national authority.

(6) The appropriate national authority may by regulations amend this Chapter for the purposes of changing the authorities which are for the time being qualifying authorities for the purposes of this section.'.—*(Ms Rosie Winterton.)*

Brought up, and read the First time.

Ms Rosie Winterton: I beg to move, That the clause be read a Second time.

Mr. Deputy Speaker: With this it will be convenient to discuss the following: Government new clause 20—*Mutual insurance: supplementary.*

New clause 1—*Building targets*—

'No local authority which has a responsibility to plan for building a target number of homes may promote an area for housing allocation within the area of another local authority nor count such an allocation towards its housing target without the agreement of that authority.'.

New clause 9—*Duty to draw up a strategy for public toilet provision*—

'(1) A lower-tier local authority must make a strategy for the provision of public toilet facilities in their area.

(2) Before drawing up its strategy, the authority shall take whatever steps it deems necessary to consult the public in its area.

(3) The authority shall have regard to the results of the consultation when drawing up its strategy.

(4) A lower-tier local authority must—

(a) review its strategy at least once a year;

(b) take whatever steps it deems necessary to consult the public in its area as part of its review;

(c) have regard to the results of the consultation when reviewing its strategy; and

(d) publish its strategy and information relating to its consultation on its authority's website.

(5) An authority may delegate to a town or parish council its responsibilities under this section in respect of any area covered by that town or parish council.'.

New clause 15—*Delegation by regional development agencies*—

'(1) The Regional Development Agencies Act 1998 (c. 45) is amended as follows.

(2) After section 6A (delegation of functions to the Mayor of London and the London Development Agency) insert—

"6B Delegation of functions and funding by regional development agencies

(1) The Secretary of State shall make proposals in consultation with the regional development agencies within six months of the coming into force of this section for a scheme of delegation for the discharge of their functions to a local authority within their area, or jointly by a group of local authorities within their area.

(2) For the purposes of this section, a "function" shall include—

(a) part of a function or any function which is exercisable only in relation to part of the area of a local authority;

(b) the determination and allocation of funding or any expenditure programme to other persons or bodies, whether by grant, loan or other means;

(c) the transfer to one or more local authorities, or to a partnership of one or more such authorities with one or more other persons or bodies of funds for the purposes of implementing a programme of investment in pursuance of the social, economic and environmental wellbeing of the area.

(3) The scheme of delegation shall apply to the functions of all or any of the regional development agencies as the Secretary of State considers appropriate following consultation with relevant local authorities in the area.

(4) The scheme shall be implemented no later than two years from the coming into force of this section.

(5) Two or more local authorities to which any function has been delegated under this section may arrange for it to be discharged by them jointly or in accordance with any executive arrangements agreed by them from time to time."'.

New clause 16—*Power of general competence*—

'(1) The Local Government Act 2000 (c. 29) is amended as follows.

(2) For subsection 2(1) substitute—

"2 (1) Every local authority has full powers and capacity to carry on or undertake any activity or business, do any act, or enter into any transaction with full rights, powers and privileges for so doing.".

(3) For subsection 2(2) substitute—

"(2) Subsection (1) applies subject to—

(a) this Act;

(b) any other enactment; and

(c) the general law.".

(4) For subsection 2(5) substitute—

"(5) The powers under subsection (1) may be exercised in relation to or for the benefit of—

(a) the whole or any part of the local authority area; or

(b) all or any persons resident or present in a local authority's area; or

(c) any person or area situated outside the local authority's area if they consider that it is likely to benefit their area or persons resident there."'.

Government amendments 28 and 29.

Ms Winterton: New clause 19, together with new clause 20 and amendments 28 and 29, relates to mutual insurance arrangements. I thank Opposition Members from both parties for their assistance with bringing forward the amendments. They may well have issues that they wish to raise, but it is generally recognised on

[Ms Rosie Winterton]

both sides of the House that this has been a matter of some concern for local authorities since the Court of Appeal handed down its judgment in the LAML—London Authorities Mutual Ltd—case in June 2009.

In July, my right hon. Friend the Secretary of State for Communities and Local Government published the consultation paper "Strengthening local democracy", which sought views on the scope of local authority powers, particularly as regards their powers to undertake mutual insurance arrangements. The consultation response attracted 96 responses to the specific question on mutual insurance, with 82 per cent. agreeing with the proposed power. New clause 19 provides permissive powers for authorities to enter into mutual insurance arrangements, if they wish to do so. Authorities exercising the power will need to ensure that any proposed arrangement meets the duty of best value as laid down in legislation. While it seems unlikely that all local authorities will wish to establish or participate in an insurance mutual, for those for which it makes good business sense to do so, clear and specific legal powers will be available to them for that purpose.

The amendment provides that best value authorities, which are described as "qualifying authorities", may establish and become members of a corporate body—for example, a company—the object of which is to provide insurance in relation to insurance risks to authorities that are members of the mutual. Only qualifying authorities may be members of the mutual.

The mutual may also provide insurance to other bodies, which may be prescribed by regulation and which I will call "affiliates". They will be bodies that have some association with qualifying authorities—for example, arm's length management organisations, academy schools or wholly owned subsidiaries. Broadly, the intention is for a qualifying authority to be able to sponsor an affiliate to bring it within the mutual's insurance cover, as we understand that many local authorities arrange insurance cover for ALMOs and some schools. However, affiliates will not be able to become members of the mutual.

5 pm

The qualifying authorities are to be provided with a power to pay premiums and other payments to the mutual insurance body, and can agree to make any such payments as may be necessary in future. They can also assume financial obligations in relation to affiliates. The Secretary of State in relation to England, and Welsh Ministers in relation to Wales, may by regulation subject to the affirmative procedure amend the list of qualifying authorities. They may also impose restrictions or conditions on the use of the power by regulation subject to the negative resolution procedure. We intend to consult on the content of such regulations. Qualifying authorities are required to have regard to any guidance issued by the Secretary of State or Welsh Ministers and to any documents specified in regulations, such as guidance from the Chartered Institute of Public Finance and Accountancy. Again, we want to consult on that.

New clause 20 lists the qualifying authorities that are to be provided with the power to become members of a mutual insurance body. It also sets out the appropriate parliamentary and Welsh Assembly procedures for regulations. Amendment 28 provides for commencement of the new clauses, which will be brought into force when commenced by order, and amendment 29 is a consequential amendment to add a reference to insurance to the long title of the Bill. I commend those amendments to the House.

New clause 16, tabled by the hon. Members for Wycombe (Mr. Goodman), for Peterborough (Mr. Jackson) and for Ludlow (Mr. Dunne), would amend the current well-being power, a power that local authorities have to promote or improve the economic, social and environmental well-being of their area. It would remove the link to well-being, giving authorities the power to

"undertake any activity or business, do any act, or enter into any transaction"

for the benefit of their area or its inhabitants.

The Government have long been committed to ensuring that councils have a wide range of powers and providing them with the freedom to be innovative and act in the local interest. Indeed, we introduced the well-being power in 2000 as a broad power of first resort to enable local authorities to act for the benefit of their local community. In 2003, we introduced new freedoms and flexibilities for capital finance, including prudential borrowing powers. At the same time, we provided powers for best value authorities to charge for discretionary services and enabled new trading powers to be conferred on authorities.

We are aware that the decision in the LAML case raised concerns about the scope of local authority powers, and through the "Strengthening local democracy" consultation we have sought to better understand them. We have acted speedily to answer the immediate concerns raised by the case, so as to ensure that best value authorities can take part in insurance mutuals.

As part of our commitment in the consultation, we are considering whether there are other cases in which existing local authority powers are not sufficient to enable them to improve services and achieve efficiencies. However, they are complex issues that need careful consideration. I assure the House that we are committed to such consideration following the recent consultation, but I am concerned that "power", as it is expressed in the amendment, would not give councils the certainty that they need if they are to take part in mutual insurance. Indeed, the Court of Appeal judgment, which in a sense is at the root of the Government amendments, indicated that any general power would be unlikely to provide local authorities with the necessary confidence to engage in mutual insurance and similar arrangements. We are introducing our amendments today to address that problem, but, as I have said, we are committed to considering other ideas that came forward in the consultation.

New clause 15 would provide for the Secretary of State

"in consultation with the regional development agencies"

to

"make proposals...for a scheme of delegation for the discharge of"

the RDA's "functions" by

"a local authority...or...a group of local authorities"

in its region. However, new legislation is not necessary to achieve what we all want, which is interventions delivered at the right level that will align with and strengthen effective partnership working between all

parties in a region. The Bill already has a very clear focus on enhancing the role of local authorities in economic development through the introduction of economic prosperity boards and local economic assessment duties and by providing a statutory basis for multi-area agreements.

The economic assessment duty, for example, will provide a shared and agreed understanding of local economic conditions and will form a key part of the evidence base that will inform priorities for regional strategies and their implementation plans to ensure that local circumstances and perspectives are properly reflected. In that context, the focus should be on the principle and practice of joint investment planning, which can be achieved within the existing legislative framework, rather than on delegation of RDA functions. The key is closer working between RDAs and local authorities in planning the implementation of the regional strategy, which will deliver the optimum outcomes at local level.

Certainly, we propose a joint approach to planning and investment in the region, which will enable local authorities to take on a large degree of responsibility for delivering agreed programmes and projects in their areas. However, RDAs should retain final accountability for funds passed through them.

Graham Stringer (Manchester, Blackley) (Lab): I may have had this discussion with my right hon. Friend and others before, but will she tell the House why non-elected people should have power over elected people?

Ms Winterton: The new arrangements that we are introducing—the RDA and leaders boards—will address some of the issues raised by the question whether RDAs have an input from local government when they are drawing up regional strategies. The new changes in the sub-national review will achieve that. As my hon. Friend knows, I was a great supporter of regional government, but we have moved on. We have therefore looked at how to ensure that RDA boards work closely with the leaders boards from local authorities. In many instances, they are drawing up joint boards to consider particular aspects such as planning and transport. This brings together local authority colleagues with the regional development agency boards in a joint approach, which will be very important.

Accountability is necessary to ensure that money is strongly focused on economic development activity that is of strategic value to the region as a whole and is therefore good value for money. Obviously, this is even more important in an environment of tightening resources. Secondly, it is important that the RDAs maintain flexibility in their budgets.

The key point is that RDAs and local authorities will jointly agree what programmes of intervention will be undertaken in particular areas, but the RDAs will retain the responsibility to make the final decisions. Any funding from RDAs to local authorities would have to follow the usual rules that apply to the RDAs, and would have to be used within the same overall financial framework. RDAs and local authorities will jointly agree how projects within the programme will be appraised, monitored and evaluated.

The virtues of investment-led planning include a focus on what will work, with flexibility, but without bureaucracy. The Government have been working with colleagues from the LGA, local authorities and RDAs to develop guidance for joint investment planning. The principles that we are following mean that that should be light touch and partnership based.

New clause 9 was tabled by several of my hon. Friends, including my hon. Friend the Member for Milton Keynes, South-West (Dr. Starkey) in her key position as the Chairman of the Select Committee on Communities and Local Government. It calls for the Government to place a duty on local authorities to develop, in consultation with members of the public, a strategy for the provision of public toilets in their area, and to review this on an annual basis. The Government believe that decisions about the provision of local services and amenities such as public toilets are best made at local level, so we want to devolve the powers, resources and flexibility to local authority partnerships. We have therefore taken concerted action to empower communities, so that people have more influence over local decisions. We believe that that is the right way to bring about the changes that people want to see in their areas and is a better and more sustainable approach than always providing direction from the centre on how particular public services should work, which can constrain the ability of councils to respond in the ways that best meet the range of local needs and priorities.

As in other parts of the Bill, we have tried to introduce ways in which people, through petitions and requests to which councils must respond, can raise the needs of their community. In 2007, we undertook to consult all relevant bodies about the issue of public toilets. As a result, we published our strategic guide on improving access to better quality toilets in March 2008. It highlighted the range of powers and approaches available to local authorities and their partners that can help them to improve publicly accessible toilets in their area. That included further guidance on the community toilet schemes, under which members of the public can use toilet facilities, free of charge, in local businesses such as cafés, restaurants, pubs and public buildings.

5.15 pm

We believe that the right approach is for parts of the Bill to be used by local councils to influence such provision. Rather than imposing a duty from the centre—in many ways, we have tried to pull back from that—we want local people to have means of raising such issues and making councils more accessible and responsible. We would rather do that than always say from the centre, "This is how you need to address your toilet issues."

New clause 1, tabled by the right hon. Member for Hitchin and Harpenden (Mr. Lilley), is similar to his proposal in Committee, where he explained that he wished to close a loophole that he thought would allow councils to meet their housing targets by applying for planning permission in another local authority area. I wrote to him on 25 July and explained—I hope—that houses built in a particular area can count only towards the planned housing supply for that area. His new clause is therefore unnecessary. It proposes that no local authority should be able to meet its housing target by promoting

"an area for housing allocation within the area of another local authority nor count such an allocation towards its housing target without the agreement of that authority."

I reiterate that local authorities can express their opinions on proposals in a neighbouring authority's area. Indeed, they are required by law to consult each other. However, local authorities have no powers to require another local authority to accommodate housing numbers allocated to them. Our policy is that local authorities should accommodate the level of housing identified for their area in the regional spatial strategy or regional strategy. We support councils working together so that they can decide between them how best to accommodate their respective housing needs across a sub-region area. However, they cannot simply require another local authority to accommodate the number of houses allocated to them.

Mr. Oliver Heald (North-East Hertfordshire) (Con): Is it not a concern that, at an examination in public, Luton council, for example, could say, "Oh no, it is mad to do it in our area. The best way of doing it is to put it in Hertfordshire."? If the inspector nods in that direction, it becomes a way for a council to bounce a neighbouring authority and get out of its own obligations. That is not something to be encouraged.

Ms Winterton: As I have said, we try to encourage joint working. If local authorities disagree, an independent inspector has a role in making a decision on the proposals based on the evidence available and the policy set out in the regional strategy and by the Government. Again, I stress that in setting out the regional strategy, the local authorities will have to come together and agree on such matters. It is not possible simply to impose a proposal; we encourage joint working. Furthermore, an independent inspector will have a role, if overall there is a disagreement.

I have gone into some detail, but I hope that my explanations of the reasons for bringing forward the Government's amendments have been convincing. I hope, too, that I have given enough reassurance in my explanations about the other amendments to persuade right hon. and hon. Members not to press them.

Mr. Paul Goodman (Wycombe) (Con): I rise to speak to our new clause 16, which would give local councils a power of general competence, as the Minister said, and our new clause 15, which seeks to delegate power to local authorities. As new clause 16 is related to Government new clauses 19 and 20 and Government amendments 28 and 29, as the Minister observed, I shall turn to them before dealing with our new clause 16, which goes wider.

Before I do that, however, let me pause to say, following the Minister's remarks, that we will listen carefully to the debate on new clauses 1 and 9. I am familiar with the arguments put by my right hon. Friend the Member for Hitchin and Harpenden (Mr. Lilley) in Committee. Our Front-Bench colleague, my hon. Friend the Member for Bromley and Chislehurst (Robert Neill), is looking closely at the matter raised by new clause 9. The Minister made a reasonable point about the undesirability of putting new burdens on local authorities on to the statute book, but our view is not carved in stone and we will listen carefully to what she has to say. Like my hon. Friend the Member for Peterborough (Mr. Jackson), I welcome back the Minister. She is the one fixed point in the turning world of the Government Front Bench. Since Committee we sadly seem to have lost the hon. Member for Portsmouth, North (Sarah McCarthy-Fry), but it is good to see the right hon. Lady in her place.

The Minister went through the background to Government new clauses 19 and 20 in some detail, and there is no need for me to repeat what she said in taking us through the LAML case and what happened in court. However, it may be worth pointing out that LAML is an all-party body, in that Conservative-controlled councils such as Croydon, Hammersmith and Fulham, and Harrow are members. Also, both the Local Government Association and Chris Leslie, the director of the New Local Government Network and a former and—who knows?—perhaps future Member of this House, were disappointed with the judgment. It is also worth pointing out that in response to the Government's consultation paper on strengthening local democracy—of which more later—the LGA said that the

> "CLG's proposals in response to the LAML case...are quite unsatisfactory. Specific legislation on mutual insurance would do nothing to tackle the wider limitations of the existing well-being power which the case has highlighted."

Let me pause at this point and say to the Minister that we are inclined to give her new clauses a fair wind. She made much of the fact that our new clause to introduce a new power of a general competence would not do the trick on mutual insurance. Our answer is that we are not seeking—at least not at this stage—to delete her provisions on mutual insurance, so they would stand. However, we have a couple of questions and concerns that are worth raising. We are curious to know whether the Department has made any assessment, as it should have, of any risks to local authorities. We have received indications from some sources of that possibility, so we are curious to know what the Minister thinks about that. Also, new clause 19(5) refers to guidance. If the Minister has not already told the House when she intends to issue that guidance, it would be welcome if she did so.

An examination of the clauses on mutual insurance naturally leads us to the wider subject of the power of general competence. I am afraid that that leads me to quote the LGA—and, indeed, Chris Leslie—again. It said that the LAML judgment demonstrated "weaknesses" in

> "the scope of the 'well-being' power. This adds to the need for legislation to create a power of general competence for local government. This is essential in order to regain the flexible power it was believed the Local Government Act 2000 had created".

In its response to the consultation that I mentioned a moment ago, the LGA expressed its support for a

> "general duty to devolve",

and criticised

> "the weak approach taken to the flaws in the power of well-being, where both we and the CLG Select Committee have advocated a new power of general competence."

The LGA went on to repeat that point in its briefing on the Bill.

I am sorry to quote Chris Leslie again, but he has said:

> "There is an apparent consensus in Parliament across all parties in favour of a 'power of general competence' for local authorities."

That is certainly true among the Conservatives. We have set out the desirability of such a power in our document "Control Shift". That was also the view of the Liberal Democrats when we debated these matters in Committee, although that seems a very long time ago.

I am not sure that the Government have joined that consensus, however. Their view as stated in Committee was that

"more needs to be done to encourage local authorities to use the well-being power".—[*Official Report, Local Democracy, Economic Development and Construction Public Bill Committee*, 18 June 2009; c. 253.]

The Minister also said in Committee that she was interested in having discussions with local authorities about powers, and she essentially gave the same answer today. Our judgment is that, given the views of the LGA and the New Local Government Network, and the consensus that is emerging, if there is no good reason not to put a power of general competence on the statute book, simply having further ministerial discussions between the Department and the local authorities does not seem to justify postponing a vote on the matter.

We tabled a number of probing amendments in Committee, and we took the view that, if the Minister could persuade us that they were deficient and would have an effect other than the one that we sought, we would not press them to a vote. We did not do so. She did not suggest today that our proposal was deficient in any way. As I have said, we are not proposing to block her proposals on mutual insurance. I therefore give notice that we might seek to press our new clause 16 to a vote.

Speaking of pressing matters to a vote brings me to new clause 15, which deals with the delegation of powers to local authorities. The Minister spoke about that earlier, and I want to put it into the context of the structure established by the Bill, which was debated on Second Reading and which we considered in Committee. Part 5 of the Bill sets out a regional strategy, and it is worth examining it in the context of the Department's own view of the representations that it received in response to the sub-national review. Its response stated that the Government

"expect the RDAs to delegate responsibility for spending to local authorities or sub-regions wherever possible unless there is a clear case for returning spending to the regional level".

It is in that spirit that we have tabled new clause 15, which would enable Ministers to exercise precisely the kind of delegating power that the Secretary of State might think necessary. It would require the Secretary of State to make proposals with RDAs for a scheme of delegation for the discharge of their functions—such as housing or planning—to a local authority or a group of local authorities.

If I am a bit hesitant about these functions, it is because—as my right hon. Friend the Member for Skipton and Ripon (Mr. Curry) pointed out in Committee—the Department's own policy document on regional strategies states, as early as paragraph 2.2 that the Bill

"does not specify what the regional strategy should contain."

At any rate, our new clause would give the Secretary of State the power to discharge functions, having consulted two local authorities.

5.30 pm

The Minister frequently argued in Committee that the powers of Westminster and Whitehall should be given due weight. She really cannot complain today that our new clause 15 does not do that. Ultimately, it gives the Secretary of State the power to make the proposals for the delegation of responsibility, as the Department's response to the sub-national review indicated that it wants to. The Local Government Association said in a further comment on the consultation paper that

"partnerships of local authorities have far more direct accountability than the plethora of national and regional quangos that currently make decisions that affect local people."

I think that the LGA has the balance of that judgment right, which is why I give notice that we may well press the new clause to the vote.

As is traditional on these occasions, I end by quoting the hon. Member for Thurrock (Andrew Mackinlay), who always puts things more bluntly and directly than I could. What he said on Second Reading has gone down in the annals of *Hansard* and the House should be reminded of it:

"Most people have had enough of this. Why can we not cut away this plethora of bodies and focus on democratically elected authorities... That is why I say to her"—

not the present Minister but the right hon. Member for Salford (Hazel Blears), when she was Secretary of State—

"that this is complete nonsense and that we have had enough... of... all these buzzwords. I say take it back."—[*Official Report*, 1 June 2009; Vol. 493, c. 35.]

On the Conservative Benches, we can do no more than echo that blunt and direct language. As I said, unless the Minister has any further revelations for us, we intend to press our new clauses to the vote.

Dr. Phyllis Starkey (Milton Keynes, South-West) (Lab): I rise to speak in favour of new clause 9, which was tabled by me and a number of other members of the Communities and Local Government Committee. I say in parenthesis that I also support the various ideas around for allowing Select Committees to put forward amendments in a more direct way than has been possible on this occasion.

The new clause arises from one of the recommendations in the Select Committee's report on the provision of public toilets, published in October 2008. For the record and for the benefit of Members who may not have read through the report, which I commend as an interesting piece of bedtime reading, I shall briefly explain why the inquiry was undertaken and why it excited such enormous public interest. I have not been involved in a Communities and Local Government inquiry that has excited as much public interest as that one on the provision of public toilets. I shall also explain why we thought it necessary for councillors to have a duty to draw up a strategy. Towards the end of my remarks, I shall explore the assurances that the Minister sought to give and see whether I can tease out some more enthusiastic ones, which might lead me not to press the new clause to the vote.

The Select Committee looked into the provision of public toilets because there was ample evidence across the country of a decline and because an increasing number of councils had come to the view that the direct provision of public toilets by councils was too expensive—allowing their toilets to fall into disrepair, or, in many cases, to be completely demolished. There is nevertheless a huge public interest in ensuring an adequate supply of public toilets in every area of the country and that any such provision should be of high quality.

[Dr. Phyllis Starkey]

Although this is clearly an issue for every single member of the public, there are certain groups among the population who feel particularly deeply about it. One of those groups is, obviously, the elderly. I think it is a biological fact that as they get older, both men and women tend to have a more frequent need to use public toilets, and those needs become considerably more pressing.

These things are often not spoken of publicly, but I think it is extremely important for us to do so. The ability of elderly people to have a nice day out, to go shopping or to visit the public library is often constrained by the fact that they are not absolutely certain that, should they need to use a public toilet, one will be conveniently available, and they fear that if one is available, it will not necessarily be very clean or a pleasant place and they will feel slight concern about using it. That is why many of the organisations representing elderly people, such as Age Concern, have been so active in raising the issue of the need for adequate public toilet provision, and why they have been so supportive of our report. In fact, they have subsequently used it as a campaigning tool with local groups in an attempt to raise the profile of the issue with their local councils.

The issue also affects families with young children. As we all know, young children often have pressing and urgent needs to use public toilet facilities. They tend not to look ahead, so to speak, and go to the loo before they leave home. They swear blind that they do not need to use a loo, and then suddenly and very urgently need to use one. Although the public tend to turn a blind eye to small persons using the natural greenery of the landscape to camouflage these vital activities, it would clearly be much more satisfactory if there were an adequate supply of toilets so that families out with young children could use the proper facilities when they require them, rather than being forced to rush into the nearest bank—should one be open—to ask whether they can use the staff facilities.

Mr. Christopher Chope (Christchurch) (Con): I have a lot of sympathy with what the hon. Lady is saying, but why does she think that we need a national strategy? Why can we not simply rely on responsible local councils to make such provision? An example is Christchurch borough council, which has won the loo of the year award on many occasions.

Dr. Starkey: The hon. Gentleman may not have noticed that the Committee was not asking for a national strategy. It was asking for local authorities to be given a duty to draw up their own local strategies in consultation with their local populations. The best councils are already doing that, but not all councils are. That is why we suggested that every council should have a duty to draw up its own strategy. We are not asking for councils to be given a duty to provide public toilets directly—I shall say more about that in a second—but we are suggesting that they should have a duty to draw up a strategy. I note what the Minister said about the balance between central and local government and whether we should be imposing a duty, and I am susceptible to that argument myself. I think that it is a question of where we place the balance, and I shall say more about that shortly as well.

I have mentioned elderly people and families with children, but, for rather obvious reasons, women in general have an additional need to gain access to high-quality, clean public conveniences during certain periods in their lives. That is another issue that is not often spoken of publicly.

Another group affected consists of people with severe disabilities, and, in particular, the families of children and adults with such disabilities, who need to be able to gain access to good disabled toilets, especially the excellent ones promulgated by the Changing Places campaign. Let me at this point put in a good word for my own constituency—well, not my constituency, but Milton Keynes council, which was one of the first to provide a Changing Places toilet in the Milton Keynes shopping centre. The shopping centre is not in my constituency, but in the adjacent constituency of the hon. Member for North-East Milton Keynes (Mr. Lancaster).

For families caring for severely disabled young people or adults, the ability to gain access to a Changing Places toilet is even more important. Our Committee heard evidence from one family who had been unable to enjoy a day out as a family until Changing Places toilets were provided. If their disabled family member had an accident, they had to give up their whole day and all go home because there was no way in which they could gain access to suitable facilities. If there is not decent public toilet provision, those groups do not have the freedom of movement that everyone expects in order to use leisure and shopping facilities. That is not to mention issues about tourism and the need for resort towns, for example, to ensure that visitors have adequate public toilet provision.

There is a public hygiene aspect. We had strong evidence from those representing residents associations, which are particularly concerned about the public nuisance that is caused in some city centres where there is inadequate public toilet provision, where there are lots of pubs and clubs and where lots of young people drink a great deal, come out on to the streets and often cause extreme nuisance in public places and in front gardens. Therefore, a huge range of people think that this is an important issue to which not enough attention has been given, either locally or nationally, and they were very supportive of the Committee's inquiry. Many were keen that councils should have a duty to provide public conveniences. We did not go as far as many of the groups that made representations to our Committee wanted us to go. We did not think that it was necessary for local authorities to have a duty to provide public conveniences. The Minister raised points about the need for local authorities to be able to take decisions on the way in which they use their resources and provide for local needs. However, although some councils have been excellent, many councils have not been, so we thought that there should be a duty to draw up a strategy in consultation with the local community.

Mr. John Gummer (Suffolk, Coastal) (Con): All the examples that the hon. Lady has given show considerable local concern, and I am lucky to have two local authorities that provide extremely well in this area: Suffolk Coastal district council and Waveney district council. However, surely it is up to local authorities to decide; it is not for us to tell them that they have to do such things. If provision is needed, they will provide it. If they do not

think that it is needed but it is needed, the local electorate will soon demand it. We must give local authorities the power to decide what their priorities are.

Dr. Starkey: As I have said, I am in two minds about that argument. The right hon. Gentleman will be aware that the Committee has just published a report on the balance of power between central and local government, where we argued strongly for local government to be given considerably more powers. I am in two minds because of the evidence that we received from individuals and organisations. Although there has been significant public pressure from individuals and groups in many localities to get their local council to take the issue seriously and to look at the best practice of councils that are providing good toilet provision, often through community toilet schemes, where they have worked with local businesses, pubs and cafés to ensure that a range of provision is available—much of it is provided by the private sector, primarily for its customers, but also for public use—regrettably, quite a lot of councils still do not seem to be susceptible to pressures from such groups. They seem to be locked into the idea that the provision of public toilets is extremely expensive, cannot be done these days and is beyond them. They do not seem to be looking at the good practice of other councils and thinking imaginatively about the way in which they could provide such facilities. That is why we put forward the recommendation that councils should have a duty to draw up a strategy in consultation with the local community. That would give more weight to the local groups that want such facilities and are pushing councils into activity.

The Minister provided a pre-emptive response to my proposal in which she reiterated the Government response to our original recommendation. I have some sympathy with the notion that we should not at this time be putting additional constraints on local authorities. In her response however, the Minister gave the impression that this was about councils directly providing facilities, whereas in fact it is about councils drawing up a strategy. I accept that even drawing up a strategy and having a public consultation is not cost free; there is of course a certain financial cost to the council in doing that, but drawing up a strategy is not quite the same as the council directly providing public toilets. Therefore, I hope that the Minister might reconsider some of the emphasis in the original Government response to the report and recognise that this is not about direct provision but about strategy.

5.45 pm

I accept that the Government strategy providing guidance to local authorities is excellent, and if all councils followed it there would not be a problem or a need to put any additional pressure on councils. However, before I definitively decide that I am not going to pursue this matter, I shall need the Minister to give me a bit more reassurance, such as on how the additional powers in the Bill could be used by local groups to push recalcitrant councils into at least having a strategy. If she were to state that on the record, it would at least be a further campaigning tool that all those organisations could use against recalcitrant councils in order to get them to be more active.

I also seek reassurance that the Department recognises that this is an extremely serious issue in respect of equalities of opportunity, particularly for disadvantaged groups. If there is not decent local provision of high-quality public loos, those groups are not able to enjoy all the facilities within localities and they find that their lives are constrained as a result.

Therefore, I ask the Minister to say that the Department might consider at least monitoring the situation. Also, she has given assurances that there are other ways for the public to exert pressure on their councils on this matter. If they do not arise and we are left with inadequate provision of public toilets in certain parts of the country, I would like the Department to consider being more active, not just leaving things to run their course and councils to do their own thing in response to the national strategy.

Julia Goldsworthy: The hon. Member for Milton Keynes, South-West (Dr. Starkey) has raised an important issue that we have not discussed previously in proceedings on this Bill. It is important to pay tribute to the Changing Places campaign that has done so much to draw attention to this issue and to put pressure on local authorities to improve their standard of provision. I can understand why the hon. Lady is in two minds as to whether there should be some kind of statutory duty. The way the process works at present in many areas of local government is that national guidelines tend to set a lowest common denominator which councils then feel they have to reach as a minimum level. We do not currently have a system with a highest common denominator whereby the excellent work of some councils—which some Conservative Members have raised—sets the standards that other councils have to try to achieve. I wonder whether a way of dealing with this might be to set up a system whereby the impetus is on local authorities to reach the highest common denominator rather than on their being beaten into trying to attain the lowest common denominator.

I find the Minister's response on this whole issue rather bizarre, because she says there is no way this should be within the remit of central Government and that it should be a matter entirely for local government, yet we are discussing a piece of primary legislation that sets out in minute detail and thousands of words and pages how councils should respond to petitions. There is therefore double-think in the Minister's response in that she can take one view on the provision of public toilets but a very different view on the minutiae of much of the other work that local government undertakes. Perhaps she could square that in her response—I will be impressed if she manages to achieve that.

I turn now to the initial Government new clauses relating to the Court of Appeal ruling on local authorities and mutual insurance. The Liberal Democrats are not going to oppose them, because they deal specifically with the problem that the ruling identified, but they are necessary to although not sufficient for the needs of local government. The new clauses do not address a much more general issue relating to how the well-being power could be applied. The Minister's remarks seemed to indicate that she was prepared to take a piecemeal approach, addressing other issues that might arise from the way the well-being power was exercised. Such an approach is unnecessarily complicated, because introducing a much more general power of competence would address the matter far more effectively. The Liberal Democrats are inclined to support the Conservatives in what they

[Julia Goldsworthy]

are saying about the general power of competence, because such a power would make things explicit and deal with them in a simple way, rather than saying, "We'll deal with each issue as it arises, depending on what rulings may or may not be made." Like the hon. Member for Wycombe (Mr. Goodman), I understood that this was not an either/or approach, because we could adopt it in addition to matters relating to the LAML case.

I shall keep my remarks brief, because I know that many hon. Members want to raise specific points today and I wish to give them the opportunity to do so. On the Conservatives' new clause 15, Liberal Democrats are broadly supportive of the need to push down to a more local level power and resources from any level further up the line, be it central or regional. I was slightly concerned about the language that was used, because I would much rather see a push to devolve funding and decision making, rather than simply to delegate it. One of the problems that I have with the regional organisations, which seem to have so much power, is that they are not actually responsible for decisions; they see themselves purely as making delegated decisions and they are delivery arms of central Government. In a sense, where someone is undertaking and executing delegated powers, it does not matter whether that is being done at a national, regional, sub-regional or parish level, because ultimately they are doing only what is being required of them by the central Government guidance. I would much rather there were devolved powers than delegated ones.

Mr. Paul Goodman: I have a lot of sympathy with the point that the hon. Lady is making. Our intention was simply to dangle in front of Ministers a proposal that, as it would leave a power in the hands of Ministers, they might accept. Unfortunately, our offer is likely to be rejected.

Julia Goldsworthy: I suspect that it might be rejected, but I was pleased to see that new clause 15 refers specifically to resources. My real concern is that powers and responsibilities are easy to hand down, but unfortunately the resources that should go with them never seem to make the full journey. What the Minister was saying was bizarre. She was saying that the Government have an excellent track record on pushing these responsibilities down to regional level and that they want to focus on getting councils to push responsibilities down to communities—I do not have a problem with any of that. My problem is that the bit in the middle is missing: why can regional bodies not have a duty to push down responsibilities to the local authority level too? The Government's approach is strange and the thinking is certainly not joined up, particularly in respect of the group of provisions that we are dealing with today.

The issue raised by new clause 15 is a theme to which we will return, if we get the opportunity to do so, because a number of other amendments that are to be considered further down the line deal with the powers of regional development agencies. RDAs still exercise a huge number of reserve powers, and concerns have been raised about the number of decisions being taken by people who have not been elected and who have power over people who have been elected. It is not just one narrow area that is being raised here, because there are much broader concerns about the priorities of RDAs and where their powers go back to—ultimately they go back to the Secretary of State. I hope that we get the opportunity to return to this issue.

The Liberal Democrats have no problem with the very narrow new clauses that the Government have tabled, but we feel that if this really is a Bill about local democracy it is very disappointing that the Government are not prepared to be more wide ranging in the powers that they are explicitly prepared to pass down to the local authority level.

Graham Stringer: That is precisely the point, is it not? The title of the Bill is a misnomer. It is yet another Bill that should be entitled "Interfering with local government", rather than having its title suggest that it is about local democracy. The hon. Member for Falmouth and Camborne (Julia Goldsworthy) was right to ask what the difference is between leaving the determination of a policy on toilets to local authorities and telling them how to deal with petitions, with informing people about councils and with many more important issues. That explains why I wish to speak to new clauses 16 and 15.

New clause 16 deals with a general competence power, about which there has always been a debate. I recall serving on a national executive sub-committee in the 1980s and discussing what a new Labour Government would do for local democracy—we were doing that because the huge rows about rate capping and the abolition of the county councils had taken place. My right hon. Friend the Member for Blackburn (Mr. Straw) was on the same working party. Many of us thought then that a general competence power should be given to local authorities—I still think that—but he came up with this stunning argument: if there were such a power, what would there be to prevent Islington from making an atom bomb? I do not know why he chose to use Islington in that absurd example, but if seriously intelligent and respected people such as he come out with absurd arguments such as that, there really is no argument against giving a general competence power to local authorities.

Unless local authorities have the ability to do things unless they are specifically prohibited from doing them, the converse of that will occur and there will be regular interference in very important local matters—beyond those relating to public conveniences—that are better determined locally. I could give three quick examples that apply to my constituency. It is blighted by appalling private landlords, whom we have fought for a long time. We now have a scheme that regulates them, but because the Department does not like it we suffer terrific interference from the centre in the detail of the regulation. It is completely unnecessary because the scheme is beginning to work and the local authority should be left to decide the best areas for the scheme to operate in and how to implement it.

The product of interference is always inefficiency and extra cost. When the Select Committee on Transport examined local transport plans, it found that the Department for Transport was getting into the detail and interfering in the definition and placement of puffin crossings. That is not something that central Government should be doing. We have had big rows in Manchester about the tram system. The Department for Transport

examines the number of seats on trams, but that is not what central Government should be about. Until central Government they stop doing such things, local government will not achieve what it is capable of achieving.

Mr. Gummer: I know that the hon. Gentleman and I do not have quite the same view about the private sector, but has he noticed that most big companies have given up trying to manipulate every local branch, and find that by giving independence and freedom they get a very much better response? Why are civil servants so reluctant to allow local authorities to make their own decisions and, indeed, their own mistakes?

Graham Stringer: The right hon. Gentleman makes a perfectly valid and excellent point. Long ago, almost every large private company gave up trying to control everything from the centre, because such an approach is inefficient and ineffective.

My second point—let me move on to new clause 15—concerns my right hon. Friend the Minister's answer to my question about why non-elected people on RDAs should be taking decisions over and above those taken by elected people on local councils, in some ways distorting what might be national priorities. In a subsequent statement, she gave the real answer: the Government are still wedded to the idea of regional government, which the people in the north-east threw out completely. I do not understand why the Government are still wedded to the non-democratic and inefficient part of that process, when the electorate—in a part of the country that was chosen because it was most likely to support regional government—threw it out.

6 pm

I can base the argument around a statement made by the newly appointed chairman of the Northwest Regional Development Agency, a man called Robert Hough, whom I would class as a friend. He has done excellent work on the Commonwealth games in Manchester and I was a colleague of his on the Manchester ship canal. As a capitalist, he has put a great deal of effort into the community. On his appointment to the board, he said, "We have to be the referee between local government and central Government." That is completely silly. He is an excellent man, but I think he was looking for justification for a job and position that have no justification. People who are elected do not need someone to referee between them and Government. As a leader of a council, I was quite capable of agreeing or disagreeing with the right hon. Member for Suffolk, Coastal (Mr. Gummer). That is the way it should be. Local government should speak directly to central Government, because both have a mandate from the people. It might be a different mandate, but that is part of the glory of democracy.

I am not simply making an artificial argument. In the north-west, the RDA has produced policies that are economically indefensible and I do not believe that a Government of any political colour would have followed them, and neither would local government in the north-west. They are capricious policies that are damaging the economy of the north-west. That is a simplification—in detail, it is worse. Rather than putting money where it is most likely to generate most jobs—the economic hub of the north-west is Manchester, the second economic hub is Liverpool and the third is probably Preston and Chester—the greatest amount of money per head of population has gone to Cumbria. There is another justification for spending money, and that is the relief of poverty, but that has not been the justification that has been given.

I do not want to make a Third Reading speech; I just wanted to talk about the two new clauses, but the Bill does not do what it says on the tin. It is not about improving local democracy. Increasingly, as the debate goes on, it is clear that there is no proper justification for RDAs to continue. For this country to function at its best, local government needs to be set free. Giving it a general power of competence would be one way of doing that.

Mr. Peter Lilley (Hitchin and Harpenden) (Con): I shall try to be brief and to stick strictly to new clause 1, which seeks to close a loophole in planning law that allows one council to try to meet its housing targets by designating areas within the boundaries of another council as its preferred area for development.

The Opposition do not like top-down housing targets at all: we want to sweep them away and replace them with responsibility devolved to local authorities, which will be given freedom and proper incentives to meet the needs of their local areas. They will do that much better than the present system does. However, while the present system exists, we need to tackle this pernicious loophole, which is, I understand, being exploited by councils in several parts of the country. It came to my attention as a result of a chain of events in my area.

Luton and South Bedfordshire councils were obliged to meet the housing targets imposed on them within the Milton Keynes and South Midlands sub-regional spatial strategy. Initially, the councils designated as their preferred areas for development locations within their boundaries. Then, as occasionally happens, they met local resistance, but they discovered the loophole and decided that they would overcome that local resistance by proposing an area in my constituency—as it happens, it is named Lilley Bottom and is one of the most beautiful features of my constituency—as their preferred area for development, thereby escaping any retribution from their voters and leaving the voters in the threatened area powerless to oppose them.

One can understand the outrage that followed. One thing that unites the people of Luton and Hitchin is a desire to retain the green belt that separates them from each other. The proposal is unpopular in Luton as well as in north Hertfordshire. However, it is a double outrage for the people of north Hertfordshire that it has been imposed on them from outside.

The Minister said that in her letter she had said councils would not be able to meet their housing targets by doing such things, but that is not how I read it at all. It seemed to me that she was saying that they were in some way meeting sub-regional spatial strategy housing targets. Certainly, the only reason why the councils are proposing to build in north Hertfordshire is that they believe it will help them to meet their housing targets. I shall look very closely at what she said, and if they are acting on a misapprehension I shall draw that to their attention and they will promptly stop. However, I fear that that is not the case. My analysis—and therefore the need for the new clause—has been endorsed by the Campaign to Protect Rural England as well as most

[Mr. Peter Lilley]

local conservation bodies that want this beautiful area of the country protected and want to prevent a precedent from being created that would undoubtedly be followed in many other areas of the country.

This Bill is called the "Local Democracy Bill". It aims to promote local democracy. I submit that we cannot have democracy without accountability. If one council can build in another council's area and therefore not be responsible to those affected by its action, that is a negation and denial of democracy. I hope that the Minister will think again and will recognise that the new clause would strengthen the democratic nature of her Bill as well as ending an unsustainable loophole in the law. I hope that we will have an opportunity to vote on the new clause in due course.

Mr. Heald: I want to speak briefly to support my right hon. Friend the Member for Hitchin and Harpenden (Mr. Lilley). Planning should be about good planning. If we consider what is happening in our area—my constituency neighbours that of my right hon. Friend to the east—we can see that good planning is not what is happening. The Government have said that they want Luton to expand and they also want Stevenage to expand. These towns are very close to one another. They are not big cities with great hinterlands or anything like that. If that is to happen—although I think it is a grave mistake—it has to be done in the most careful way.

There are proposals for a massive development west of Stevenage, and Luton council has said, "Yes, let's have a massive development east of Luton." Our part of Hertfordshire could become like the west midlands—each community will blend with the next, and we will end up with a complete sprawl. The Government should be ashamed of what is happening to a wonderful county like Hertfordshire when they have had all these years to produce a good planning system.

My right hon. Friend the Member for Hitchin and Harpenden is bringing forward a sensible proposal that would stop a council like Luton doing something as foolish as closing the gaps between itself, the Stevenage conurbation and the town of Hitchin. Why should it be able to do that, especially as no proper consultation has been undertaken? I spoke to the chief executive of North Hertfordshire district council about this only recently. The council has had to complain to Luton about the fact that it has not been involved in any sensible discussion. It is an example of terribly poor planning, and I therefore support new clause 1.

Mr. Gummer: I also support new clause 1, even though the seat that I represent is not under threat at the moment. My right hon. Friend the Member for Hitchin and Harpenden (Mr. Lilley) has pointed out that the Bill sets a precedent that could be used by councils unable to meet the housing targets imposed on them from outside. In principle, therefore, I want the new clause to be accepted, but I am sorry that he did not take his argument one stage further.

My right hon. Friend argued that the lack of democratic accountability means that it is not proper for a local council to build in another council's area. I want to go further and say that the problem with our current housing arrangements is that that democratic accountability has been removed, with the result that the number of houses to be built in any given place is decided centrally. That figure is then sent through bodies that somehow purport to be representative, as the hon. Member for Manchester, Blackley (Graham Stringer) noted, and then imposed on the duly elected local authority in a way that is unacceptable.

We must seriously consider returning to local authorities the power to ensure that other authorities do not interfere with them in that way, which would mean abolishing the undemocratic planning committees at regional level. Regions do not exist. I live in east Suffolk, which has no connection at all with Luton, and yet we are included in the same eastern region. That is madness. We even have a Select Committee to discuss a region that does not exist, and we also have a Minister: she represents Stevenage, whose location in the eastern region is merely a figment of the Government's imagination.

The idea that the regions set up by the Government do any good at all is wholly fictitious. The only set-up more stupid involves the strategic health authorities of the NHS, which do nothing but blame the Government or the local primary care trust.

Another problem with the regions is that there is an inevitable tension between the need for growth and development on the one hand, and the need for the protection and defence of the environment on the other. The local electorate must be able to defend their turf but, equally, a council that finds the right place in its area for development must be able to get some benefit from that development.

This Bill is meant to be about local democracy, but I am sorry that it does not provide that local authorities should retain for 10 years the business rates and council tax accruing from any new development, in addition to their normal central Government grant. That would give local authorities a reason to benefit from development decisions. At present, they face significant disadvantages, as it is always true that residents of an area already have votes, while those who might wish to live there do not.

6.15 pm

As new clause 1 suggests, a sensible development system would require that a local authority that has no place, standing or position in an area could not impose its housing obligations on that area. I am only sorry that the new clause does not cover the circumstances that arise when the local authority that does control an area makes a choice in favour of development. Our system does not allow a council in that position to benefit from that choice, and so such matters are not debated properly with local electorates.

Mr. Mark Field (Cities of London and Westminster) (Con): I agree with much of what my right hon. Friend says, just as I agreed with much of what my right hon. Friend the Member for Hitchin and Harpenden (Mr. Lilley) said earlier, but is there not a slight danger with the path that he is going down? I am talking about the risk of overdevelopment. Especially in these troubled economic times, is there not a great incentive for a local authority that owns land to get a lot of money and, going forward, income from rates? Could not that be detrimental to the character of some of the towns that my hon. Friends here represent?

Mr. Gummer: I disagree fundamentally with my hon. Friend. First, when development does take place, the problem in our society is underdevelopment rather than overdevelopment. The most dense housing area in Britain is the Royal Crescent in Bath. Our problem is bad development, not overdevelopment or underdevelopment. Bath and Monte Carlo are two examples of places where people want to live, and both areas have been built in a dense way, but sensibly. When that happens, it is possible to meet the density requirements, but unfortunately we have not insisted on a quality standard for local development.

I feel strongly about what my hon. Friend said for a second reason, which is that I believe in local democracy. I am fed up with people at the centre telling local authorities what is good for them. If local authorities are given powers, they will often make mistakes—of course they will, but central Government usually do. In my experience, it is important to spread decision making around, as people who are close to decisions make fewer mistakes than those at the centre who always think that they know best.

It is time for us at the centre to begin to recognise again that if the authority in Manchester wants to carry through a series of policies that we disapprove of—as long as it is paying for those policies itself, and I am suggesting that there should be some areas of additional payment—it should make the decision and put the case to its electorate. That is better than having a lot of faceless bureaucrats at regional or Government level who believe that they know how many seats there ought to be on a bus in Manchester—a matter of supreme unimportance to them but of great importance to the people of Manchester.

Dr. Starkey: Like my hon. Friend the Member for Manchester, Blackley (Graham Stringer), I, too, was the leader of a local authority—although a much smaller one—when the right hon. Gentleman was a Minister. I feel moved to welcome his Pauline conversion to local democracy, which is all the more unexpected for not having been expressed in the directions that he gave as a Minister, of which I was on the receiving end. However, I welcome his conversion and I hope that, in the unlikely circumstance that he becomes a Minister again, he does not revert to his old dirigiste tendencies.

Mr. Gummer: As so often, the hon. Lady has a partial memory of history. She forgets that local authorities did not use their own money to do what they wanted, but precepted on national taxation. We had to stop situations whereby Newcastle, for example, charged John Lewis rates that were four times per square foot more than in London—

Mr. Deputy Speaker (Sir Michael Lord): Order. I am sure that the right hon. Gentleman and the hon. Lady who provoked him will appreciate that we are now straying away from the matter before the House.

Mr. Gummer: Indeed, Mr. Deputy Speaker, so I shall explain that my view of local government democracy—as put forward in the new clause proposed by my right hon. Friend the Member for Hitchin and Harpenden, to which I am addressing my remarks—is that local government should have the right to develop in its own area, using its own resources. I want to extend those resources. However, local government does not have the right to make a decision and demand that somebody centrally—without consideration—should pay for that decision, outwith the normal sums of money that come to a locality. That is why the hon. Member for Milton Keynes, South-West (Dr. Starkey) and I may not have got on well in those days. However, I shall not carry on down that route, Mr. Deputy Speaker.

Local democratic choice demands the willingness of central Government to give powers away. I find that my colleagues are very keen on subsidiarity from Brussels to Westminster, but they are less keen on subsidiarity from Westminster to the town hall or county hall. People in the town hall or county hall are very keen on subsidiarity from Government to them, but if one suggests subsidiarity from them to the parish council they get extremely annoyed.

I hope that this Parliament can be the first Parliament for a long time to believe in real subsidiarity. We should do in Brussels the things that we can do only in Brussels—there are many of them and they are valuable. We should do in Westminster the things that we can do only in Westminster, and we should insist on doing the things we do not need to do in Brussels. But we in Westminster have to believe in subsidiarity and this "Local Democracy etc." Bill has little to do with local democracy, for in the end, as the hon. Member for Manchester, Blackley rightly says, it does not give local authorities power to make their own decisions—indeed, the hon. Member for Milton Keynes, South-West is even suggesting that we should guide them in the provision of public lavatories. If they cannot deal with their own public lavatories, we cannot trust them to deal with anything.

Ms Rosie Winterton: We have covered a vast number of issues in the debate on this group of amendments. I shall start by addressing the last issue raised by the right hon. Member for Hitchin and Harpenden (Mr. Lilley) and I will reiterate what I said to him in my letter of 25 June. I think I may have said "July" previously, for which I apologise. *[Interruption.]* I hope the right hon. Gentleman will not disappear at this point.

Mr. Deputy Speaker: Order. The Minister is replying directly to the right hon. Gentleman and it would be helpful if the Whips did not interfere for a few moments.

Ms Winterton: Thank you, Mr. Deputy Speaker.

In my letter, I said:

"You asked for reassurance that if particular Councils were to apply for planning permission for housing development in another district and permission were to be granted, the houses that they built in that other district area would not count towards the target, which has been set for their own area or areas.

I can certainly assure you that any houses permitted and built in a particular area can only count towards the planned housing supply for that particular area as set out in the Regional Spatial Strategy…and Local Development Framework relevant to that area."

I should like to offer the right hon. Gentleman a meeting with me and officials to discuss the particular issues that he has raised. I know that those issues have been causing him ongoing concern, so if he feels it would be helpful for us to explain the processes in a little more detail, I am happy to do so.

[Ms Rosie Winterton]

On the public toilet provision amendment, the Select Committee report was extremely helpful and I was glad that it congratulated the Government on some of the actions that have been taken so far, although I realise that my hon. Friend the Member for Milton Keynes, South-West (Dr. Starkey) would like them to go further.

To pick up on the issue raised by the hon. Member for Falmouth and Camborne (Julia Goldsworthy), I shall describe in a little more detail how the Bill will help to reinforce the duty on councils to consult. There are also mechanisms, such as petitions, whereby people can raise local issues. That goes to the heart of some of the debate on the role of central Government in setting strategic direction and on how we expect local councils to respond to issues raised by the community. I venture to suggest that the public toilet provision falls into the category of central Government trying to work with organisations and local authorities—as in our strategic guide—to say, "This is how you can have good provision."

We have also issued further guidance on how to set up community toilet schemes. Given that the Government have shown how that can be done by working in partnership with local authorities, it would be possible under the Bill for local people to say, "We do not think the provision of public toilets is adequate," and if a petition was presented to the council, it would have a duty to respond.

We need to get the balance right, and I should not like my hon. Friend to think that we have been sitting on our hands—so to speak—in relation to public toilet provision. We have been supporting the Changing Places campaign and we are working with the Changing Places Consortium to review the British standard and consider the needs of people with complex and multiple disabilities, to which she referred. On 13 January, Baroness Andrews, then a Minister, met representatives from the consortium on 13 January to discuss the progress of the campaign and investigate how we could help to highlight the consortium's work, building on the review of the British standard relating to the design of sanitary facilities to meet the needs of disabled people.

In June, the Under-Secretary of State for Communities and Local Government, my hon. Friend the Member for Dudley, North (Mr. Austin), attended the learning disability week parliamentary reception to celebrate this year's theme, "Changing Places, Changing Lives". We have also made a commitment to review the guidance that supports part M of the building regulations and to consider whether it needs to be updated to include improved guidance on specialised facilities.

I hope I can reassure my hon. Friend the Member for Milton Keynes, South-West that we have looked at the issue very closely. Indeed, I was discussing her report with officials only this morning and we went into some detail about the bits where she had endorsed and praised the Government and the bits where we needed to go further.

The hon. Member for Christchurch (Mr. Chope) spoke about the loo of the year award, which was won by—I apologise for not being able to remember.

Mr. Chope: Christchurch borough council.

Ms Winterton: Indeed. The British Toilet Association's awards are a good way of highlighting best practice in this important area.

I hope that with those reassurances, my hon. Friend the Member for Milton Keynes, South-West will withdraw her new clause.

6.30 pm

I return to some of the questions raised by the hon. Member for Wycombe (Mr. Goodman) about risk assessment in the context of mutual assurance. We undertook an assessment of risk as part of the impact assessment, which has been published today. The mutual will need to be authorised, supervised and regulated by the Financial Services Authority, like any other insurer. It will also need to operate in accordance with the FSA handbook and meet all FSA, Government, risk management and reporting requirements. I emphasise that these are enabling powers. Local authorities will need to ensure that any proposed arrangement meets the duty of best value and improved services for their communities.

It is unlikely, as I am sure that the hon. Gentleman appreciates, that all local authorities will wish to establish or participate in an insurance mutual. We carried out research in the Department which suggested that potential take-up is influenced by the scale of authorities' perceived risks and their prior claim record. The research suggested that fire and rescue authorities were and still are keen to implement a mutual insurance approach.

The hon. Gentleman asked me when guidance will be issued. I confess that in the course of this fascinating debate, I have forgotten which new clause he was referring to. However, I assure him that the guidance will be a matter for regulations. I suspect that he was referring to guidance in relation to mutual insurance. We will be consulting on it, and qualifying authorities will have to have regard to any guidance issued and to any documents specified in regulations, such as Chartered Institute of Public Finance and Accountancy guidance.

On the wider issues related to the power of general competence, as I said in the debate, we committed to considering local authority powers following the recent consultation. The issues are complex and need careful consideration. The Opposition amendments may still preclude speculative activities that are aimed at the financial well-being of the authority. This is important, as the Court of Appeal ruled that such activities did not

"readily obtain sanction by use of a general expression, the wording of which does not easily bear upon such activities".

We want to consider those issues, and we have consulted on the matter. In the Bill we want to correct the issue of mutual insurance, and at a later date we will deal with some of the other issues that have been raised.

On the points made by my hon. Friend the Member for Manchester, Blackley (Graham Stringer) and by the right hon. Member for Suffolk, Coastal (Mr. Gummer), it is interesting that the right hon. Gentleman made such a strong point about regional development agencies. I know that my hon. Friend has been sceptical about RDAs for some time. I hope that I have been able to reassure him that the new arrangements for the RDA board and the leaders board will inject the democratic accountability that he has discussed.

It has been interesting to hear the official Opposition's various pronouncements on regional development agencies. The right hon. Member for Witney (Mr. Cameron) said that they would be abolished if a Conservative Government were elected, and the right hon. Member for Suffolk, Coastal endorses that view, I think. Since then, other comments have been made to the effect that the regional development agencies would be considered on a piecemeal basis.

From the work that I do in the Yorkshire and Humber region and the visits that I made around the country during the summer recess visiting the RDAs and local authorities and meeting a number of businesses, I know that the help and assistance given through regional development agencies has been invaluable in the economic circumstances that we face. It would be extremely unwise for the Opposition to destabilise the situation by indicating that if, by any unfortunate chance, they were elected, regional development agencies would be abolished. That would cause huge problems for businesses. I invite the right hon. Gentleman to have more discussions with representatives of businesses in his area.

Mr. Gummer: I have had those discussions, and business representatives are quite clear. They do not think that they have anything to do with Luton, and they want those powers to go back to the county council, because that is where they should be. Suffolk is one of the largest counties in Britain and has always run such matters very well. Why on earth do we have to think about places that are nothing to do with the region or any kind of regional development that affects us?

Ms Winterton: The more that the right hon. Gentleman denies the help that is going out there, the more worried local businesses will become about the idea that anybody is talking about the abolition of regional development agencies.

Graham Stringer: I always listen carefully to my right hon. Friend's argument, but that is the nonsense of it, is it not? The natural extension of what she is saying is that local authorities would not be able to use exactly the same money to help exactly the same businesses and exactly the same people. That is not the case. Local authorities could use that money at least as effectively.

Ms Winterton: And the whole point of the Bill is to enable multi-area agreements and economic prosperity boards, so that local authorities can work together, but in a regional context. That is why it is important to take forward the changes introduced through the sub-national review, which bring together RDA boards and leaders boards represented by local authorities to look at the overall strategy for the region. This has been incredibly important in looking at big strategic investment proposals. I know through my work as regional Minister, as do colleagues who are regional Ministers, that that is endorsed by business organisations and local businesses in our areas.

Mr. Heald: Will the Minister explain why we do not therefore have a coherent policy in our part of Hertfordshire? Is she really content for all those towns just to join up and become one enormous conurbation called something like "Lutonage"?

Mr. Gummer: "Steventon".

Mr. Heald: Or "Steventon". Is the Minister not prepared to say anything, so that we can tell people in Hertfordshire, "Look, the Government aren't going to join up all these communities into one massive city."? What reassurance is there? Where in the Bill is there any hope?

Ms Winterton: The whole point of the Bill is that it does what a number of authorities, including Conservative-led authorities, have asked us to do, which is to give a statutory underpinning to measures such as multi-area agreements. They allow councils to co-operate, and councils have been asking for that power. The Under-Secretary of State for Communities and Local Government, my hon. Friend the Member for Dudley, North and I signed with local authorities in the west midlands an agreement that has all-party support and does exactly what I am talking about—it allows local authorities to work together. The hon. Member for North-East Hertfordshire ought to look at examples of how the measure is working effectively. The Bill will enhance it.

I once again thank the Opposition parties for their support for the insurance amendments. I hope that, with my reassurances, the House will vote for all the Government amendments and oppose all the Opposition new clauses and, I am afraid, the new clause tabled by my hon. Friend the Member for Milton Keynes, South-West. I hope that I have reassured her, and that she feels able not to press it to a vote.

Question put and agreed to.

New clause 19 accordingly read a Second time, and added to the Bill.

New Clause 20

MUTUAL INSURANCE: SUPPLEMENTARY

'(1) This section applies for the purposes of section [Mutual insurance].

(2) A qualifying authority is—

(a) a county council in England;

(b) a district council in England;

(c) a London borough council;

(d) the Common Council of the City of London in its capacity as a local authority;

(e) the Greater London Authority so far as it exercises its functions through the Mayor;

(f) the Council of the Isles of Scilly;

(g) a county council in Wales;

(h) a county borough council in Wales;

(i) a National Park authority;

(j) the Broads Authority;

(k) a police authority;

(l) a fire and rescue authority not falling within paragraphs (a) to (h);

(m) a joint waste authority established under section 207(1) of the Local Government and Public Involvement in Health Act 2007 (c. 28);

(n) a waste disposal authority established under section 10 of the Local Government Act 1985 (c. 51);

(o) an Integrated Transport Authority;

(p) Transport for London;

(q) the London Development Agency;

(r) an economic prosperity board established under section 85 or a combined authority established under section 100.

(3) The "appropriate national authority" means—

(a) the Secretary of State, in relation to England;

(b) the Welsh Ministers, in relation to Wales.

(4) Regulations under section [Mutual insurance] are to be made by statutory instrument.

(5) A statutory instrument containing regulations under subsection (2), (4) or (5)(b) of that section is subject to annulment in pursuance of a resolution of—

(a) either House of Parliament (in the case of regulations made by the Secretary of State);

(b) the National Assembly for Wales (in the case of regulations made by the Welsh Ministers).

(6) A statutory instrument containing regulations under subsection (6) of that section may not be made unless a draft of the instrument has been laid before, and approved by a resolution of—

(a) each House of Parliament (in the case of regulations made by the Secretary of State);

(b) the National Assembly for Wales (in the case of regulations made by the Welsh Ministers).'.—*(Ms Rosie Winterton.)*

Brought up, read the First and Second time, and added to the Bill.

New Clause 2

PARISH POLLS

'(1) Paragraph 18(4), Schedule 12 of the Local Government Act 1972 (c. 70) is substituted as follows:

"(2) A poll may be demanded before the conclusion of a parish meeting on any question arising at the meeting; but no poll shall be taken unless either the person presiding at the meeting consents or the poll is demanded by not less than thirty, or one-third, of the local government electors present at the meeting, whichever is the greater."'.—*(Mr. Drew.)*

Brought up, and read the First time.

Mr. David Drew (Stroud) (Lab/Co-op): I beg to move, That the clause be read a Second time.

Mr. Deputy Speaker: With this it will be convenient to discuss the following:

New clause 4—*Local freedoms*—

'(1) The Local Government Act 1972 (c. 70) is amended as follows.

(2) In section 248 (freemen and inhabitants of existing boroughs), after subsection (1) there is inserted—

"(1A) Where the son of a freeman of a city or town may claim to be admitted as a freeman of that place, the daughter of a freeman may likewise claim to be so admitted.

(1B) The son or daughter of a freeman of a city or town shall be admitted as a freeman whether born before or after the admission, as a freeman, of his or her freeman parent and wherever he or she was born.

(1C) In subsections (1A) and (1B) 'freeman' excludes a freeman of the City of London."'.

New clause 8—*Committee system*—

'(1) Section 31 of the Local Government Act 2000 (c. 22) is amended as follows.

(2) Subsection (2), there is substituted—

"(2) A local authority falls within this subsection if the resident population of the authority's areas on 30 June 1999 was less than 1,000,000."'.

New clause 10—*Referendums*—

'(1) A principal local authority must provide a facility for the holding of referendums—

(a) in electronic form, or

(b) in such other manner as the authority considers appropriate.

(2) A principal local authority must give reasons for not granting a request to use the facility provided by it under this section for the holding of a referendum.

(3) A principal local authority must make a scheme (a "referendum scheme") for the holding of a referendum.

(4) A referendum scheme must be approved at a meeting of the authority before it comes into force.

(5) A principal local authority must publish its referendum scheme—

(a) on its website, and

(b) in such other manner as the authority considers appropriate for bringing the scheme to the attention of persons who live, work or study in its area.

(6) A principal local authority may at any time revise its referendum scheme (and subsections (3) and (4) apply in relation to any scheme which is revised under this subsection).

(7) A principal local authority must comply with its referendum scheme.

(8) Subject to that, nothing in this Chapter affects the powers or duties of a principal local authority in relation to any referendum held.'.

New clause 11—*Penalties*—

'(1) A principal local authority commits an offence by failing to comply with a duty imposed on it by virtue of Chapter 1 or 2 of Part 1.

(2) A principal local authority found guilty of an offence under subsection (1) is liable on summary conviction to a fine not exceeding £100,000.'.

New clause 17—*Abolition of the Standards Board for England and the Adjudication Panel for England*—

'(1) The Standards Board for England and the Adjudication Panel for England shall be abolished.

(2) Sections 57, 57D, 58, 59, 60, 61, 62, 63, 64, 65, 65A, 66A, 66B, 66C, 67(1), 75(1), (3), (4), (7), (9), (11), 78A, 78B and Schedule 4 of the Local Government Act 2000 (c. 22) shall cease to have effect.

(3) The Secretary of State may also by order make transitional or consequential provisions (including by amendment of the Local Government Act 2000) as are necessary due to the abolition of the Standards Board for England and the Adjudication Panel for England.

(4) Any order under subsection (3) must be made by statutory instrument.

(5) A statutory instrument containing an order under this section may not be made unless a draft of the instrument has been laid before, and approved by a resolution of, each House of Parliament.'.

New clause 18—*Abolition of comprehensive area assessments*—

'(1) Sections 99 and 100 of the Local Government Act 2003 (c. 26) shall cease to have effect.'.

Amendment 24, in clause 1, page 2, line 19, at end insert—

'(4) This Chapter shall not come into force until 1 July 2011.'.

Amendment 25, in clause 10, page 7, line 10, at end insert—

'(5) This Chapter shall not come into force until 1 July 2011.'.

Amendment 26, in clause 23, page 16, line 9, at end insert—

'(9) This Chapter shall not come into force until 1 July 2011.'.

Mr. Drew: I am delighted to discuss this important issue. I immediately disclose an interest: I am a town councillor of some 23 years' standing. I suppose that

that is why the National Association of Local Councils came to me to seek to clarify the issue of parish polls. The very reason why we are in this place is to pursue democracy in all its forms, and there is no more democratic a form than what those of us who have been involved in it for a long time would refer to as the first level of representative government, never the lowest. I have been, and still am, proud to represent my community, even if I make it to fewer meetings than I used to. I think that fellow attendees are more grateful for that than I am, but, when I do get to such meetings, they always seem to take twice as long, as one would expect with me. However, I shall not take up a great deal of time now; I shall move on and look at the arguments.

The problem with parish polls is that they are subject to abuse. The most recent and well known case is the parish—my memory deceives me, but I believe that it was in either Wiltshire or Hampshire—that decided to call a poll on the Lisbon treaty. As a staunch opponent of the treaty, I might say that that decision was absolutely right and that where that parish went yesterday, perhaps Parliament and the country should go tomorrow. However, I think that I would be quickly ruled out of order, so I shall say only that, as much as I sympathise, the debate was not appropriate at parish level. The great thing about parish polls is that they can be both divisive and, more particularly, very expensive.

6.45 pm

The real issue is that parish polls are an important element of the way in which parishes function, but the power to call a poll has not been amended for a long period. I could wax lyrical about what would happen if every parish were to carry out a poll on an issue of great importance to them, but polls are not used widely. When they are used, however, they can be abused, so my new clause asks the Government to update an old-fashioned approach. The new clause refers to section 9 of the Local Government Act 1972, which allows a parish poll to be proposed at a parish meeting. The problem is that such parish meetings can involve a very small number of people, so the new clause would increase the number of people and the seriousness that determines when such an issue should be progressed.

It is easy to say, "Why would you retain the power within the chairman of the parish?" The fact is that that is how the law is constituted, and I intend not to rewrite the law completely, but to update it. That is the essence of my new clause. I would like to go further, because the conduct of parish polls is another issue, and I shall ask the Minister to respond to that point. Polls are limited to the hours between 4 pm and 9 pm, and, if a parish poll is held at the same time as a local government election, it seems rather silly for them not to keep the same hours. If the Government want to look into that issue, they could find a way to introduce similar times for elections and polls. If they take place at different times, we should limit the time for a parish poll. I have not moved such a proposal, but it should be dealt with if we update this vital part of our democracy. The poll's use is limited. Indeed, I am in a sense trying to limit it further, so that we use polls for their intended purpose, because they have been abused by people who have tried to bring before the parish a completely irrelevant issue as a way of publicising some other issue.

That is my point, and I hope that the Minister will immediately see the value of my new clause and cheer up every parish councillor in the land. I remind her that there are many more parish councillors than anything else—there are 80,000 of us. If she wants to curry favour with all those wonderful people, she should accept my new clause.

Mr. Paul Goodman: I shall be very brief, Mr. Deputy Speaker, because I believe that I am able to speak not to the other new clauses and amendments in this group, but simply to new clause 2 alone. That is correct, is it not?

Mr. Deputy Speaker: The hon. Gentleman is entitled to address as he sees fit any of the new clauses or amendments in the group.

Mr. Goodman: In which case, I shall begin by responding to the hon. Member for Stroud (Mr. Drew) and new clause 2. In essence, he said that he wanted to update what happens at such polls in order to discourage any frivolous debate or vote. When wanting to update a proposal it is always worth asking the Minister about the law of unexpected consequences to see whether there would be any side-effect that could somehow result in ensuring that such legitimate debate does not take place. That is the reassurance that we would look for, as would the whole House, with regard to new clause 2.

We have not yet had a chance to hear the case that the hon. Member for Newcastle upon Tyne, Central (Jim Cousins) will make on new clause 4. I want to listen to that carefully. We have received representations presenting the proposal that he wants to advocate as an equality issue. We will want to be sure that on the other side of the balance there is no question of unnecessarily restricting without very good cause what an independent body can do. I therefore look forward to hearing his remarks—almost as much as those of the hon. Member for Thurrock (Andrew Mackinlay) on local authority areas, and those of the hon. Member for Manchester, Blackley (Graham Stringer), who I thought at one point would serve on the Committee. Sadly, that did not happen; I do not know whether that was connected with the Government Whips.

My main purpose is to speak to our amendments 24, 25 and 26 and new clauses 17 and 18. We have already been able to touch on some of the main themes that we explored in Committee, one of which is very simple. We do not see why it is necessary to write on to the statute book things that any decent local authority should be doing anyway—promoting democracy, responding to petitions, and securing the involvement of people in their local area. That seems likely to bring about the very opposite of the result that Ministers claim. We believe that the Government's mission, whereby everything and everyone must be micro-managed by Ministers and officials from Westminster and Whitehall, serves only to depress local government turnout and to demoralise local councillors. In Committee, we could scarcely find one person on the Government Benches other than the Minister who would defend in principle those three aspects of the Bill. The right hon. Member for Greenwich and Woolwich (Mr. Raynsford) is not here, so I will not embarrass him by quoting directly what he said on

[Mr. Paul Goodman]

Second Reading, but even he, doughty defender of the Government though he was, made it clear that the petitions element, in particular, was merely micro-management.

The Government, in their wisdom, chose to reject that consensus view, which we have already heard expressed in the debate on general competence. However, in July, just after the Bill came out of Committee, they took the notable decision to publish a consultation paper called "Strengthening local democracy", which announced:

"This consultation explores whether local government has the powers it needs to meet today's challenges...It sets out a range of proposals to promote local democratic renewal."

When we read it, we found that some of the things in it are in the Bill before us today, as they were in Committee. For example, question 11 asks:

"How can Councils best reverse the decline in confidence?"

Question 19 asks:

"Should the duty to respond to petitions"—

a duty in the Bill—

"be extended to sub-regional bodies?"

Section 162 suggests that the duty should apply to leaders boards:

"Applying a duty to respond to petitions would also make these structures more directly responsive to citizens."

This is all the wrong way round. It might have been better had consultation on these matters preceded the Bill instead of the Government's having yet another consultation right in the middle of the Bill's going through the House—hence our amendments, which I hope the Minister will take in a spirit of due gratitude. They seek to give the Government time to look at the results of the consultation, which is not yet complete, and to consider whether Ministers want to amend any part of the Bill in the light of its findings. Then, after the election victory for the Minister's party that I know she is anticipating, she will have time to consider what the consultation has said and to produce any changes that she wants to produce by 1 July next year. We will be interested to hear her response to this moderate suggestion, which seeks not to obviate the provisions but to give her time to consider them in the light of the consultation that her own Department has issued.

As an inducement for the Minister to consider the amendments seriously, I will deal with the Government's record in responding to petitions, which has been raised by the hon. Member for Falmouth and Camborne (Julia Goldsworthy). This morning, I conducted an experiment by going to every Government Department website and punching in the word "petitions" to see what was the response. Only in a very few cases—the Downing street website is one exception to the rule; the Department for Communities and Local Government may be another—is there any indication that the Department is organising a response to the petitions that it receives. Surely, before laying down this duty on local authorities, the Government should put their own house in order so that when one types "petitions" into the website of the Foreign Office or the Ministry of Justice one is not referred to petitions that apparently have nothing to do with what that Department does.

Julia Goldsworthy: I understand the hon. Gentleman's going through the failure of all Departments to address this issue. However, the consultation specifically refers to regional bodies. I am sure that a lot of people would be frustrated to find that the petition of 30,000 signatories against the south-west regional spatial strategy has had no formal response. Should not the Government have considered that whole process and could they not have dealt with it without the need for any legislation?

Mr. Goodman: The hon. Lady makes a perfectly valid point and reminds me not to go through all the Departments' responses, which would take up a great deal of time. However, it is remarkable that if one types the word "petitions" into the website of, say, the Ministry of Justice, which must receive petitions, all one gets is references on to company windings-up and bankruptcy petition statistics, not a response from the Department itself.

Our amendments propose yet again the idea of abolishing the Standards Board. In Committee, we argued that most right hon. and hon. Members will have known of cases involving a complaint about a councillor to the Standards Board where that councillor may not have known the name of the person bringing the charges against them. Such situations are clearly unjust and have an effect on the willingness of new councillors to stand and of old councillors to remain.

In her interesting response to the debate in Committee, the Minister conceded a great deal of our case by emphasising that the conduct regime was devolved last year and saying that the board's role has changed to that of a strategic regulator providing local authorities with the tools, training and guidance that they need to reinforce the often robust conduct regime in local authorities. I put it to you, Mr. Deputy Speaker, and to the House that if phrases such as "strategic regulator" are hurled around into the atmosphere, one must examine them very carefully.

7 pm

It became evident in Committee that the change in the nature of the Standards Board that was brought about last year leaves it with little to do that could not be done elsewhere. After all, if it is guidance that local authorities need, the Local Government Association can provide that, as my right hon. Friend the Member for Skipton and Ripon (Mr. Curry) said at one point in Committee. If financial impropriety is the problem, the local government ombudsman is there to investigate it as district auditor. If there is a case of libel or slander, that is covered by the civil law, and breaches of the criminal law are of course eligible to be investigated and prosecuted by the police, the Crown Prosecution Service and the courts. Everyone is casting around for a reason why the Standards Board should be in place, but there really does not seem to be any substantial reason on offer. As we say in our paper "Control Shift", the Standards Board should be abolished. If the Minister does not commit tonight to doing that, that is the commitment that we have made if we are elected to Government.

New clause 18 refers to comprehensive area assessments. Again, we had a telling debate about that in Committee, during which two principal fascinating points emerged. The first was that there is no clear evidence yet that the CAA process has resulted in a net gain. Were there such

evidence, the Minister or the right hon. Member for Greenwich and Woolwich would have produced it. The second was that it is hard to find a comprehensive figure for how much it costs. The Lyons review, using an estimate prepared by the National Audit Office, not a figure that the Department has produced, estimated the cost at £2 billion. Michael Frater, the original head of the Lifting the Burdens Task Force, said that 80 per cent. of the costs were those of reporting to central Government, rather than to the local communities that councils are there to serve.

In her response in Committee, the Minister did not claim that the regime was working in the sense of producing any kind of tangible result. For that reason, we have tabled new clause 18. Unless she gives us some very good reason to do the contrary, we intend to press it to the vote if we possibly can, along with our new clause on the Standards Board.

Graham Stringer: I wish to speak to new clauses 10 and 11. As we discussed in the previous debate, the Bill is in a very real sense a lost opportunity to deal with the relationship between local, regional and central Government and to allow local government to deal with many of the problems that it faces. It surprises me, given that the Bill deals with petitions and consultations, some of which I believe are best left to local choice, that it misses out a matter that has become increasingly demanded by local people when there are difficult issues: the regulation of referendums.

Referendums are difficult matters. It is difficult to know where they should begin and end in a democracy that, at both local and national level, has been predominantly representative for its whole history. In parts of the world, referendums have been used by extreme right-wing Governments. They have been used to death in California so that local or state democracy fails to work, because referendums can come to opposite conclusions. They can both reduce expenditure and increase the demands on it at the same time. They are therefore particularly difficult issues.

What is clear, however, is that all parties have now accepted referendums in principle. All three parties had in their manifesto a commitment to a referendum on the Lisbon treaty, or the European constitution as it then was. My party had in its 1997 manifesto a commitment to referendums on devolution, which it carried through with a positive result. There was also a commitment to referendums on elected mayors, which have been used in a number of districts, and there have been referendums on a regional assembly in the north-east and congestion charges in Edinburgh and Manchester.

Although I start from a moderately sceptical point of view on referendums, having participated in the debates on both regional assemblies and the congestion charge in Manchester, it seems to me that done properly, they can involve a lot of people and bring about an outcome that people accept, whichever way it goes. At some times and in some areas, referendums are the right path to take. How strange, when we have had all that experience of them, that there is not a specific responsibility in local government Acts to allow them to take place and to regulate them.

When the congestion charge referendum was agreed to in Manchester, it was not clear whether it would be held under section 45 of the Local Government Act 2000, section 116 of the Local Government Act 2003 or section 170 of the Transport Act 2000, all of which were introduced for different reasons but were not satisfactory. Although it was called a referendum and everybody recognised it as such, it was not technically a referendum within the legal meaning. That meant that the promoters of both the congestion charge itself and the referendum were one and the same person, which is not satisfactory. Although that experience turned out to have no bad consequences, it was wrong in principle, and it is the reason why I have tabled the new clauses. I shall not press them, but I am interested to hear what my right hon. Friend the Minister says in response.

What happened in Manchester, apart from the fact that people made it clear that they did not want the congestion charge, was that the promoters of the scheme appointed the person who ran the referendum. He was given an office in Manchester town hall next to the people who had done the detailed work on the congestion charge and the transport innovation fund bid. During that period, he accepted undisclosed hospitality from the promoters of the scheme. When I put in a request, I found that that was not part of the declared expenses.

When it came to determining the question to be put on the form, the only people who were talked to were the promoters of the scheme. Most bizarrely, although again with no actual consequences, when it came to the result of the referendum on the congestion charge the only people allowed to speak were the losers, the promoters of the scheme. Those of us who had been on the other side were not allowed to speak. It was as though there had been an election for a Member of this House and the only person allowed to speak was the loser. It was the most extraordinary circumstance.

In that particular case, the issues involved and the bias of the returning officer were so clear that they probably helped the no campaign, but it would not always be that way. In a much closer referendum, a biased returning officer, such as the one we had in Manchester, could affect the result. I therefore think that when there is an increasing appetite in our democracy for referendums on difficult issues, the Government need to find the right space in the legislative programme to regulate them, first so that people can ask for them and, secondly, so that there is a clear framework so that people cannot try to fiddle the system. I will be very interested in my right hon. Friend's response to that point.

Julia Goldsworthy: While listening to the contributions of the hon. Members for Manchester, Blackley (Graham Stringer) and for Stroud (Mr. Drew)—I am sure that other hon. Members will make similar contributions—it struck me that we should have had measures such as their proposals in the Bill. We should have had an opportunity to remove hurdles in primary legislation, including unintended hurdles, that are effectively blocking the effective function of local democracy. The Bill should have been an opportunity for a bottom-up process, whereby the blocks could have been presented to the Government, who could then have addressed them. It is unfortunate that the discussion of this group of new clauses and amendments has been the only time that such a process has worked.

Before the hon. Member for Manchester, Blackley spoke on referendums I was sceptical, as I was regarding the points made by the hon. Member for Stroud. My

[Julia Goldsworthy]

concern was that referendums could be hijacked and that they could be irrelevant. Why place a duty on local authorities when perhaps what we need is enabling legislation to allow the process to go forward? However, there is clearly a problem that needs to be addressed, and the hon. Gentleman did a great job in raising it.

It is disappointing that there has not been a proper process to allow for such a discussion, and that we are now tacking it on to the end of a lengthy debate. We may get some leeway from the Minister, but in most cases hon. Members' efforts will be frustrated.

The hon. Member for Stroud made a valid point about how the system of parish polls is being abused, but I am not entirely sure that his proposal would adequately deal with the problem. The hurdle might have been raised, but perhaps by only a very small amount. I remain concerned that the system is open to abuse, although I understand the need to address the problem that he identified.

After speaking to the leader of Newcastle council, John Shipley, I understand that the issue raised by the proposal made by the hon. Member for Newcastle upon Tyne, Central (Jim Cousins) is important. Although his proposal concerns an historical tradition, it would be a great to be able to introduce some equality to it.

I understand that the hon. Member for Thurrock (Andrew Mackinlay) is going to talk about giving councils the option of reverting to a committee system if they feel they could benefit from it. I have absolutely no problem with supporting that principle.

On the measures proposed by the Conservatives, amendments 24 to 26 are effectively wrecking amendments, and I think we could vote against the Bill if we considered it to be so unsatisfactory. I do not understand why the Government do not understand that the way to deal with a rubbish local authority is not to require more of it through primary legislation, but to vote it out. It is simple. A lot of the issues could be dealt with through a best practice manual.

On the Conservatives' proposed new clauses, we share the scepticism about the Standards Board. In practice, it has not proved to be very efficient or effective in tackling concerns about the conduct of councillors. The system has also been vulnerable to vexatious complaints. Those are two of many reasons why it is not fit for purpose, and why there are no arguments for sustaining it.

Although more efforts are being made to engage the public in the comprehensive area assessment process, it is still difficult for people to understand. It is all about allowing councils to compare themselves with each other, but the public want to see how their councils compare in terms of things that they understand. They do not just want to know that their local council is as good as any other at delivering a service; they want to know that it is good in absolute terms. I am not sure that the existing system of inspection has addressed that.

I have some sympathy with some of the issues raised by Conservative Front Benchers, but I am also sympathetic to other proposals. As I said, the greatest pity of all is that the Bill does not set up a better mechanism for having such discussions regularly.

7.15 pm

Jim Cousins (Newcastle upon Tyne, Central) (Lab): I rise to move new clause 4, which stands in my name, and I hope to offer the House a little explanation of it.

Mr. Deputy Speaker: Order. May I just say to the House that the hon. Gentleman is actually going to speak to his new clause? For the benefit of all the House, we do not "move" new clauses when we are discussing a whole group from the beginning. We are debating the lead new clause—that is the one that has been moved. Other clauses and amendments will be moved as and when we come to them on the selection paper.

Jim Cousins: I am, as always, grateful for your clarification, Mr. Deputy Speaker.

New clause 4 would give the daughters of freemen the right to become freemen in their turn. The present situation is that only sons have that opportunity. The proposal would thus correct a significant inequality. It would also correct an anomaly that undermines freemen, where they remain, when exercising functions on behalf of their communities, and that undermines a significant part of our constitutional heritage.

It is important to explain that I am not talking about honorary freemen. They are a common part of the work of every local authority, and we are entirely familiar with their situation. Nor am I talking about the statutory position of freemen of the City of London, which is excluded in the proposed new clause.

The Municipal Corporations Act 1835 swept away the historic position of freemen who, through the guilds, had been the original governors of local communities up and down the country. In a significant number of places, freemen continued to exercise functions, usually charitable, whereby they used certain property and land for certain statutory purposes. That is the case in York, Chester, Coventry, Northampton, Durham, Beverley, a number of other places and, most significantly from my point of view, the city of Newcastle.

I can best explain the new clause and its importance with reference to the city of Newcastle, which has already been referred to today by the right hon. Member for Suffolk, Coastal (Mr. Gummer). I suspect hon. Members will be pleased that I am not going to accompany my references to Newcastle with references to John Lewis—a splendid store of which perhaps all in this House have learned rather too much in the recent past.

The freemen of the city of Newcastle continued to exercise functions after the 1835 Act. Their responsibility was to safeguard the Newcastle town moor and to use the benefits of grazing cattle on it for the benefit of the poor citizens of the city. The town moor therefore survived in a way that it probably would not have survived if it had simply been left in the hands of the council of the day. If that had happened, the moor probably would have been physically developed, but it has not. The moor remains, at the heart of the city of Newcastle, an area of open space that is protected by the right of the freemen of the city to graze their cattle. Importantly, the freemen do not control the freehold rights over the moor; they control only the right of herbage, but that safeguards the use of the land.

I can best explain the significance of this by saying that over the years the freemen have supplemented the income that they get from the grazing of cattle by allowing areas of town moor to be taken in for certain specific purposes. For instance, Newcastle United football club is one of the town moor intakes. The club is almost unique among city football clubs these days in being in the centre of the city. It exists because the freemen of the day agreed that the football club could use that land. If successive owners of the football club had been careful enough about due diligence, they would have discovered that it does not own the freehold of the land on which it stands. It is allowed to exercise its functions because the freemen of the city have agreed that it may do so. A small fee is paid to the freemen of the city each year by the football club to recognise the fact that the freemen choose not to exercise their right to graze their cattle on the football ground. Over recent years, that point has been the subject of many ironic references by my constituents. The fee tops up the income of the freemen and enables them to exercise their charitable functions. The same applies in other areas where the stewardship of the freemen survives, including York, Beverley and Chester.

In Newcastle, because of the large area of land in the city centre and the intakes, the system is of great significance to the people of the area. But the only people who can become freemen are the sons of the freemen, who have a right of hereditary succession. I am no great defender of the right of hereditary succession, but it is anomalous that only sons, and not daughters, may exercise the right to become freemen. That anomaly is gradually undermining the freemen system, because it depends on the male line, and if that dies out there is no replacement and it becomes an ever more limited group. New clause 4 would confer a right on daughters to become freemen, alongside sons.

I accept the point made by the hon. Member for Wycombe (Mr. Goodman) that this is an issue of equality, and this is the right time to put it right. I have for some years, in various ways, attempted to do that, with the support of the stewards of the freemen of Newcastle. I have been given assurances that the Government would give this issue a fair wind or would deal with it in various pieces of legislation. Sadly, that has not been possible. With the help of Lord Graham of Edmonton, I have attempted to introduce legislation to correct this anomaly, but without success. I hope that today, at a time when the House is taking equality issues seriously, we can put right this anomaly and allow daughters of freemen, as well as sons, to exercise this important aspect of our constitutional heritage reflected by freemen in those areas where they continue to exist. The city of Newcastle would then know that the future of the town moor was safe in the hands of a significant body of people who would protect it and its heritage in the interests and for the benefit of the citizens of the city as a whole.

Mr. David Curry (Skipton and Ripon) (Con): The hon. Member for Newcastle upon Tyne, Central (Jim Cousins) should be thankful for small mercies: at least the freemen of the city of Newcastle are not dependent on the Rural Payments Agency to support the cattle grazing on the common. If he had ever dealt with the paperwork necessary to sort out such payments, he would settle for what he has. I note that his football team is top of the Championship, so we all live in hope.

I wish to reflect on the remarks on referendums made by the hon. Member for Manchester, Blackley (Graham Stringer) and to agree with what he said. This Bill is like a gigantic ice cream cone: there are a few tasty things at the top, a thin framework and nothing in the middle. Instead of all this nonsense about petitions—90 per cent. of this Bill could be disposed of without any loss—we should put in something of substance and actually give local people a voice in some of these decisions. The hon. Gentleman listed the areas in which referendums had been held—on congestion charging, devolution, an assembly in the north-east and elected mayors. There are other examples of what might be called mini-referendums. For example, the only ever vote on the future of grammar schools was held in Ripon, although the previous Prime Minister rigged the electorate to ensure that the vote was "No". It could be said that housing transfers are still subject to vote by the tenants, so in a sense that is a referendum. Occasionally, councils have also consulted on options for the level of council tax, so the referendum idea has a good pedigree.

I am passionately hostile to referendums at the national level. Such referendums are the nearest thing to a political landfill tip—everybody dumps into it all the rubbish they cannot sort out in any other manner. However, local referendums are much more specific. People cram into school halls if the council proposes closing a school or is considering a house building proposal. If people are really concerned, they will seek to have a say, but at the moment the means that they have for expressing their opinion are too limited. There is therefore a good case for saying that, in specific circumstances when the question can be closely defined, people should be genuinely empowered to decide—in contrast to the froth of phoney empowerment in the Bill.

The hon. Gentleman said that he would not press the issue to a vote, and I respect that, but I hope that this and future Administrations will revisit it so that we can clarify what we mean by "decentralisation" and "localism". Very few people have any idea what is meant by those concepts. The best instrument of empowerment is to give people a vote on specific issues that affect their lives, and we should make that option much more available.

Andrew Mackinlay (Thurrock) (Lab): I am pleased to catch your eye, Mr. Deputy Speaker, in this general debate on several new clauses and amendments. I tabled new clause 8, but anyone reading it would be at a loss to understand what it means. It is an attempt to right the wrong perpetrated when in 2000 the House removed an important discretion from all local authorities, and I shall explain further.

It was the tradition of English local government, and of other parts of the UK, that councils deliberated business and reached conclusions through a series of committees. Sometimes those committees fed all their recommendations up to a full plenary council; other committees had delegated powers. The important point was that there was flexibility and discretion in the exercise of that decision-making process.

7.30 pm

However, under the Local Government Act 2000—section 31, I think—we said, "You can no longer do this. You can opt for a directly elected mayor and this

new-fangled cabinet system, but you cannot reach your decisions by a series of committees, unless you are a local authority below a population of about 85,000." There is neither logic nor fairness in Parliament telling councils that they cannot make their decisions in a particular way. That way had endured for 100, and perhaps even 200, years—certainly since the great local government legislation of 1888 and 1889—and still endures in Wales, Scotland and Northern Ireland, where councils can so choose how they reach their decisions. If the House is mindful to support my new clause, it will not be saying to councils, "You will do your deliberations in this way," but, "You may"—I repeat "may"—"decide to do your business in this way."

Mr. John Redwood (Wokingham) (Con): I would like to say how much I agree with the hon. Gentleman. He is making a case that many of us made before the 2000 Act, when we said that local government should have the devolved power to decide how it wishes to make up its mind. That is all that we are asking, and I fully agree with him.

Andrew Mackinlay: Actually, I feel a little ashamed for not appreciating this matter at the time of the 2000 Act. I regret not having made an issue of it in the House at the time; no doubt I was distracted by other things. However, that Act has diminished local authorities' decision-making options and freedoms to decide how they reach their conclusions.

I emphasise to the House that, if it agrees to my new clause, it would simply restore those options to local authorities. However, I cannot disguise my bias in favour of the committee system, which worked well in so many ways. Even in councils with pretty strong and rigorous party political operations, that system allowed a degree of involvement and—dare I say it—power sharing with those not of the persuasion of the majority party. I look to my hon. Friend the Member for Manchester, Blackley (Graham Stringer), who, for many years, was a member of Manchester city council. It was one of the greatest local authorities. Under a previous distinguished leader—I forget his name; it was Bob—

Graham Stringer: Thomas.

Andrew Mackinlay: Bob Thomas! He was the prime minister of Manchester. He was the big man of Manchester, and people deferred to him. The chairpersons of the committees of Manchester city council had a quasi-ministerial—cabinet, as we now call it—role. Nevertheless, there was some decision sharing. Some councils were without a particularly strong party political tradition, with residents, independents and a smattering of people representing political parties serving on them. A committee system certainly worked in those instances.

I draw upon my experience as a young man, as a local government officer working for Surrey county council, where I observed, and served, the committee system as a committee clerk. There were a lot of very good people. We laughed at them at the time. They were all Colonel this, Wing Commander that and Squadron Leader this—because this was in the 1960s. We thought that they were Colonel Blimps, but actually, looking back, they were not bad people to have in local government. They had run regiments and believed in getting the biggest bang for their buck. They were also quite accommodating. Although they were clearly of a conservative tradition, they readily accommodated the few Labour, Liberal and independent members in the decision-making process. There was a degree of contentment.

I have further relevant experience from my time as a minority council member in the Royal Borough of Kingston upon Thames. I look back, even now, and remember occasions when I was able to persuade, in committee, the Conservative majority about the prudence of a particular course, decision or project. I would not have achieved those successes had there been this hard-and-fast, miniature mirroring of proceedings in Westminster. I have concluded that Westminster proceedings are very sterile and synthetic. Day after day, Members stick their tongues out—basically—at those on the other side of the House. There is no mature decision making. The committee system in local government gave and promoted a degree of collegiality, and gave people with a particularly good case the opportunity to advance it and persuade others, despite party politics. Frankly, that brought with it better decision making. I would like that option to be restored to local government.

The cabinet system, which councils are now basically obliged to follow, unless they go through the tortuous process of a referendum on a directly elected mayor, is unhealthy. It has all the chemistry for arbitrary decision making and government. It also means—much more so even than in this House, where it is bad enough—that if someone is not a member of the so-called cabinet, they are an also-ran; they are not on the inside. It has always surprised me that we pay councillors lots of money to attend meetings at which fewer decisions are taken. There is less of a feeling of ownership and commitment, and of that natural progression by which people can gain experience, become municipal fathers and mothers and emulate Bob Thomas and others such as Jeremy Beecham, who I think had a distinguished period in Newcastle. No doubt those on the Conservative and Liberal Benches can think of their own distinguished municipal leaders.

I ask hon. Members to pause and reflect that this is an opportunity to remedy a wrong that we enacted in 2000. I echo the sentiments of a number of hon. Members on both sides of the House who feel that this is a lost legislative opportunity. Instead of setting local government free and encouraging it to exercise and enjoy general competence powers, in so many cases the Bill is prescriptive and restrictive—and a big mistake. It has created more buzz words and meaningless titles, and a plethora of additional bodies, all of which have the hallmarks and fingerprints of the previous Secretary of State, my right hon. Friend the Member for Salford (Hazel Blears), who incidentally is notable by her absence this evening. She should have been here, because she is the architect of this legislation.

I suspect that my right hon. Friend the Minister, sitting on the Treasury Bench, would never have concocted this vast telephone book of odd pieces of legislation, much of which, as has been said, need not be on the statute book; it clutters it in a very unhealthy way. My little new clause, at least to some degree, would push back some of the restrictions and rules with which we have tied the arms of local government and those, across the political spectrum, who are great practitioners, enthusiasts and lovers of local government and who believe that it is extremely important. I invite anyone

who wishes to help me as a Teller, or to join me in the Division Lobby, to do so. I would very much welcome that, because I think that we ought to test this matter in the House.

Mr. Redwood: I rise to support the excellent contribution by the hon. Member for Thurrock (Andrew Mackinlay), in the spirit of cross-party co-operation in which he spoke to the new clause.

I love the image of England in the 1960s, when I grew up, when independent and civically minded people were in local government and there were fewer representatives of political parties. I am sure that there were, indeed, people who could harness the good will of people of all parties and of none in solving problems. Local government now is much more politicised, although I do not think that we are about to reverse that.

All the main political parties want to test their strength in local government elections. They also wish to propose, in an understandable way, a national and local programme combined. Some voters agree with that. Some say that they do not, although I suspect from how they vote that in practice they think that there is something to be said for a party platform. However, I would argue that the hon. Gentleman's proposal works equally well in the more modern world, where party political groups are likely to predominate in councils, because the most important thing is the role of the average councillor.

The enforced cabinet system in local government has given back-bench councillors a reduced role and made a lot of them rather unhappy. Not only do they not have a proper role in the decision making of the authority to which they were elected with strength equal to that of to those who do, but they do not even have the same ability to hold the administration—the executive—to account for the people whom they represent in their wards and divisions, because we all know that the officers do not take them as seriously if they do not have executive power and are not members of the cabinet. I have known councillors who cannot even get information out of their council, but surely a councillor should have a privileged position and expect to see the business of the council, if necessary on terms of privacy, if it relates to individuals or sensitive matters.

We need to devolve power properly to local government. I would hope, as the hon. Gentleman does, that if we could do that, more local authorities would choose a committee structure and return to the idea that the important decisions should be thrashed out in common in the political groups, so when the political groups presented their views to the council, not only would the group leaders know that they spoke for their group and know what the balance of opinion and forces was within it, but each back bencher would feel that they mattered, because they would have an equal vote in the group. If they are powerful speakers, if they feel passionately about something, if they have a good case or if they are on the popular side, they will have the joy of knowing that they will help to form the group proposal. All that would become possible again if the hon. Gentleman's new clause 8 were passed.

Robert Neill (Bromley and Chislehurst) (Con): My right hon. Friend makes a powerful point. Perhaps his experience of the committee system is reinforced by mine when I was a committee chairman in local government. In effect, the committee chairman and the leader formed a cabinet and gave officers a steer. However, once the policy was agreed, my job as a committee chairman was to take the members of my committee with me. At the very least, that meant taking the back-bench members of my side and sometimes, if I wanted an easier ride, taking members of the opposition as well. Is that not a much healthier situation?

Mr. Redwood: I am grateful to my hon. Friend for that comment, and I hope that that means that those on the Opposition Front Bench will support new clause 8, should there be an opportunity to vote on it.

When I was a county councillor in Oxfordshire in my younger political days, I, too, was privileged to be a committee chairman. I therefore had some executive authority. However, I always felt that that authority came from and was vested in the majority group. I was always pleased to take what I wanted to do to the group. I thought that I was doing the right thing, but it was a lot stronger if I could take it to those in the group and persuade them, because then I knew that they would vote for it willingly, unlike under the current system, where things are worked out in private, often on the advice of the officers and without a lot of political sense involved. Then things have to be driven through against the unwillingness and the voting patterns of the majority councillors, with all sorts of arm twisting of the kind that people sometimes experience even in this place, in a way that gets in the way of good government and common sense.

People elect councillors because they think that they have talents and skills, so surely all those talents and skills should be deployed. Not all councillors can have executive posts, so let them be involved in the big decisions. Indeed, perhaps we could learn a bit from that in this place. Of course we need a Cabinet—we all understand the importance of Cabinet government—but successful Cabinet Ministers in this place are Ministers who consult, consider and listen to colleagues before they go snap on a policy. Successful Cabinet Ministers not only understand their policy and know how to pilot it through this place, but are people who have tested it out in advance and do not think that everything has to be secret. Then they know that they have a constituency for change. I hope that we can vote on new clause 8 and free local government to have that option.

7.45 pm

Mr. Mike Hancock (Portsmouth, South) (LD): I apologise for not being here earlier, but I was tied up with several things at the same time, as we are so often in the House. I came specifically to support the hon. Member for Thurrock (Andrew Mackinlay), although I was delighted to listen to the speech by the right hon. Member for Wokingham (Mr. Redwood).

I speak as an executive member on a large local authority and somebody who has been in local government for 38 years. I have never seen local government as weakened as it is now, simply because of the breakdown of the committee system. There is no longer any genuine ownership of the issues that are important to people. The old committee structure allowed a group of members—perhaps as few as eight or nine on small committees, although when I was leader of Hampshire county council we had committees with 40-odd

[Mr. Mike Hancock]

members—at least to have some ownership of the issues, because we could have more than one debate on important issues.

When I led Hampshire, it was interesting that there were very few opposition votes when we finally took things to the plenary of the council, because the committee structure had drawn out the arguments and brought people together. We had many votes for and against in the committee stage, but things would be amended properly; it was a bit like how we like to think that we work in Committee here.

The setting up of the executive is a bizarre concept in itself. Indeed, I can describe my last executive meeting. I sat there alone, the only member with a vote. First, I had to declare whether I had any interest. I welcomed the members of the public who had come along, said hello to the officers and then invited the two opposition spokesmen—Conservative and Labour—to sit at the table with me. I tried to bring them in, but at the end of the day, they could not have what they really wanted, which was to be able to move something or to vote on the issue. The situation is depressing. In the end, some of my meetings have lasted no more than five or 10 minutes. Why would they last any longer? Who do I talk to? Myself? Should I go through something with the officers that I have already gone through with them?

I then went to my group meeting and told my colleagues what we did at the executive meeting. My colleagues raised some very interesting points, which is relevant to the point made by the right hon. Member for Wokingham about his experience of trying to talk the thing through beforehand. The current system does not really allow that to happen, because the executive member is smothered by information. The executive member spends all their time trying to absorb the information given to them, but in the committee structure the information was shared. The committee chair, the vice-chair and the opposition spokesmen all felt that they would play a part and be able to move something.

What we have now is the worst of all possible worlds. To deny local government the option to choose what is best for itself was the biggest mistake of all. If there were a vote today in the local authority that I represent in the city of Portsmouth, all 42 members would, without a shadow of doubt, vote unanimously for a return to the committee structure. Why? Because that would give a genuine sense of belonging. It would give the back benchers a chance to play a part, rather than being bit players in something in which many of them get involved only half a dozen times a year.

The committee structure, with committees meeting monthly and in some instances more regularly, meant that back benchers could play a significant role. They built reputations because of their role on a committee. Somebody who was passionately interested in housing became one of the leading housing experts in the city of Portsmouth. They built a truly great reputation in local government, not through their ability to be the chairman of the housing authority, but through their ability to be an opposition member who became an expert and was listened to by those on all sides.

The same goes for education. On a subject as big as education, it is irrational to believe that one member should not only run things and be politically responsible for the service, but be honour-bound to listen to the wider group voice and the public as well. That is a horrendous task in local government. There is very little sharing of knowledge or ability, and it frustrates people. It is interesting to analyse how many people serve only one term on local authorities nowadays. They do not stay the course because they feel unfulfilled and let down by the concept, which they thought that they could bring something to. How inappropriate is it that good people who came into local government because they have something to offer are unable to deliver it? They leave very quickly, for that reason. If I were the Government Minister responsible for this, I would cherish those people, cultivate them and make them think that they had a future in local government.

How many of us came to this House because of the time that we spent in local government? We learned that we could contribute there, but we all contributed to a system in which committees played a part, and in which we became a junior member of a committee and then, with more expertise, moved on to become a committee chairman or an opposition spokesman. The system no longer works like that, however. Now, only a small group has control of the policy. Even that group—unless it is exceptionally lucky—does not have the ability to co-operate easily with the rest of the council. The opportunities are not there. Members do not want to meet every week as a full council, but many of them would love to meet once a fortnight or once a month as a committee to deal with important matters such as housing, social services and education.

I hope that the hon. Member for Thurrock will press his new clause to a vote. He is not saying, "Make it change." He is saying, "At least give local authorities the chance." I hope that the Government will recognise this opportunity to right a grievous error of judgment on their part by supporting the hon. Gentleman tonight and by giving local authorities what they want. The Government continually say, "Let people choose." Well, for goodness' sake, let local government choose the best way for it to govern itself.

David Taylor (North-West Leicestershire) (Lab/Co-op): I recall that, in his early days in local government, the hon. Gentleman was a notable Labour councillor for many years. He steadily went to pot in the years that followed. I hope that we are good friends now, however. Does he agree that the approach that we have seen over more than a decade of trying to turn almost all local authorities into pale, tiny shadows of Parliament is clearly not working? If the new clause tabled by my hon. Friend the Member for Thurrock (Andrew Mackinlay) were to be incorporated in the Bill, does the hon. Gentleman believe that any large local authorities would want to return to the committee system? Clearly, many of the small ones would, but does he think the large ones would as well?

Mr. Hancock: I think that they would rush to seize the opportunity. Hon. Members would not believe the enthusiasm that exists in local government to return to that system. I do not meet many local councillors who believe that the current system offers satisfaction or an opportunity to play a part, or that there is a future for them in local authorities. That is just not the case.

I remember when, long ago, Michael Heseltine was Secretary of State for the Environment. He said that he wanted to see local authorities run on the American system, in which people turn up once a year to agree and sign the contracts, after which the authority is left to run itself. What a mistake that would have been! Yet we have gone halfway towards that here, and it is a mistake.

I had hoped that this Government, with their roots in local authorities, would have wanted to see a return to the previous system, and to give people the opportunity to feel that they can really play a part in their local community. The present system does nothing but turn people off and turn people away, and that is to be regretted. I hope that, when the Minister responds, she will not be apologetic for the past. I hope that she will instead say, "Okay, hands up, we made a mistake. Now we will try to get it right. We will give local authorities a chance." The hon. Member for Thurrock is offering that opportunity tonight, and if I were the Minister, I would grab it with both hands.

Ms Rosie Winterton: This group of amendments focuses on the local democracy section of the Bill, and we can tell from the lively nature of the debate just how passionately right hon. and hon. Members feel about the issue.

Speaking of passion, I shall start with new clause 10, tabled by my hon. Friend the Member for Manchester, Blackley (Graham Stringer), which deals with referendums. It is identical to an amendment that we debated in Committee. As I explained during that debate, the principal local authorities in England currently enjoy considerable flexibility to hold advisory referendums and local polls using their powers under section 116 of the Local Government Act 2003. That power is widely drawn, and it gives councils maximum freedom and flexibility to hold referendums on any issue relating to their functions or their powers of well-being, as set out in the Local Government Act 2000.

The existing power to hold referendums has been used many times by councils to seek the views of their communities on matters of local interest. For example, the London borough of Sutton council is currently holding a local poll on whether to keep a piece of graffiti that was produced by a well-known graffiti artist. I am not sure whether the referendum on the Manchester congestion charge was held under that legislation, but my hon. Friend discussed that matter. The use of this power could increase as a result of the petitions clauses in this Bill. Through our proposed petition scheme in part 1 of the Bill, councils might well decide to hold a local poll as part of their substantive response, as required by clause 14, to a petition with the specified number of signatures. We would welcome such a development as an appropriate means of involving local communities in a council's decision-making process. That is, of course, if councils choose to make greater use of the power as part of their response to petitions.

At the heart of these debates lies the issue of local democratically elected bodies having the power to choose whether they want to hold referendums. While the petitions provided for in chapter 2 of part 1 of the Bill, and the existing powers in section 116 of the Local Government Act 2003, permit councils to hold such referendums, the new clause would require them to set up a facility and agree a scheme for holding them. Councils would also be required to hold a referendum in circumstances set out in their referendum schemes. The new clause would therefore impose an additional uncosted burden on councils. As I made clear in Committee, we believe that accepting the new clause as it stands would be a step too far.

Yes, we require councils to carry out certain actions in relation to petitions, but we do not adopt the same approach to the holding of referendums. Some might say that that is contradictory, but I say that the two issues are very different. Our approach to petitions in chapter 2 rightly addresses the issues identified by the Local Government Association survey, which found that only 28 per cent. of the 102 councils that responded guarantee an automatic response to petitions submitted by the public.

Mr. Hancock: Is the Minister saying that her only reason for objecting to the proposal is the possible cost implications for council tax payers, or is she going further than that? As I understand it, the only reason she gave for not supporting the proposal is that an unknown cost would be associated with it.

Ms Winterton: No, I did not say that; I said that there were two reasons. The first is that councils have the power to hold referendums, if they choose to do so, whereas the new clause requires them to hold them. We have had a number of discussions about the fact that in some cases we place a duty on councils to do certain things, whereas in others we say that the councils may do so, if they want to. That was the first and major reason I gave for rejecting the new clause. The second reason is that the proposal is uncosted and would impose a new burden on councils, which would have to set up facilities to carry out the duty.

8 pm

I know that my hon. Friend the Member for Manchester, Blackley—he is no longer in his place—has expressed concern about how the referendum in Greater Manchester was conducted, but we are not aware that current arrangements for holding local referendums are failing to work well in the majority of cases or that councils are failing to meet calls for local referendums. What I am saying is that in the Government's view, without the necessary evidence, it would not be appropriate to impose another burden on local authorities. We are well aware of the wider debate about democratic renewal, and local referendums may well become part of it. If there are any issues about local polls, we want to hear about them in that context.

With new clause 11, my hon. Friend the Member for Manchester, Blackley seeks to impose penalties on local authorities for non-compliance with the duty to promote democracy as set out in chapter 1 or with petitions duties as set out in chapter 2. I am delighted that my hon. Friend is keen to see a strong local authority response to both sets of duties, and I view it as essential that those duties are actively and effectively taken forward by local authorities.

We discussed the issue at length in Committee, but in view of the current debate, it is worth reminding right hon. and hon. Members why we want local authorities to assume these duties. We want to see local democracy reinvigorated and all people encouraged to play their

part. People have a right to know how local government and other local public services are run and what decisions are taken on their behalf. They should also know how they can take part in making those decisions, including the possibility of becoming a councillor. Raising awareness is a necessity.

We have taken the route of establishing a duty for councils, based on solid evidence. There is a strong commitment to establishing councils as the hub for local democratic activity and to embedding the promotion of local democracy within their DNA. The duty addresses the lack of awareness of local democracy. As many of us know, a lack of awareness of councillors' roles was identified by the Councillors Commission and others, including the deeply respected all-party parliamentary local government group. To illustrate the point, an Ipsos MORI survey for the Local Government Association showed that fewer than a third of people know even a fair amount about what their council does. That lack of awareness is certainly a major barrier to civil and civic participation, and it contributes to the lack of diversity among councillors and others with civic roles.

We all know that we are not making the most of the potential talent among communities, including women, people from black and ethnic minority communities and people of working age, who are currently under-represented as councillors and in other civic roles. We want to ensure that people feel that local democracy is relevant to their everyday lives and that local authorities become the hub of local democracy. If we do that, local people will have a single, easily accessible port of call for information about how they can participate in decision-making at the local level, including as or through a councillor.

We all agree about the importance of the aim behind those duties and the importance of raising awareness and of looking at the evidence for the fact that only 28 per cent. of councils guarantee an automatic response to petitions. We know that there is good evidence for requiring councils to respond to petitions and to publicise their petition schemes, which will help people to feel that they can influence local decisions.

If we all agree on the importance of these duties, how do we ensure that they are achieved? Do we really want the coercive and, might I suggest, distrustful approach proposed in the new clauses? We have to ask ourselves how that would be received by the local government sector. We need to trust local authorities to respond effectively and imaginatively to the new duties. The duties are subject to parliamentary scrutiny and have been imposed because Parliament recognises that these are activities that councils should add to their functions in order to make real improvements for local people.

We intend to set money aside to enable councils to carry out the duties, and we will provide them with full support through guidance and a sector-led best-practice approach. There are already legal remedies for enforcement, but we do not rely on them to ensure compliance in this case any more than we do in relation to most other legal duties that apply to local authorities. There is no direct enforcement mechanism in the provisions, and we do not think it appropriate that there should be one. In conclusion, there is already an intention to ensure that local authorities involve people and to look at the petitions system, but as many hon. Members have said, we do not want a more coercive approach.

New clause 2, tabled by my hon. Friend the Member for Stroud (Mr. Drew), relates to parish polls—I know that he is a long-standing supporter of the first tier of local government. One of the most interesting and informative conferences that I have attended recently was that of the National Association of Local Councils. I learned a lot about parish councils and invited them to enter the debate about what we can do to help to ensure that they have the support that they need from their local communities. We talked about powers and so forth. I know that my hon. Friend's continued service to the community as a town councillor—as well, obviously, as his work here—demonstrates that commitment very clearly.

New clause 2 would increase the number of local government electors required to trigger a parish poll, which is essentially a non-binding referendum on local issues, so that no poll would be undertaken

"unless either the person presiding at the meeting consents or the poll is demanded by not less than 30, or one-third, of the local government electors present at the meeting, whichever is the greater."

Parish polls are a very useful way of gauging local opinion on matters that are important to local people, but we are aware that the issue has been the subject of previous debate. I assure my hon. Friend that the ease with which a parish poll can be triggered has caused concern in the past.

We are also aware of other issues around parish polls, which my hon. Friend did not necessarily mention, such as their scope and conduct. That is why we recognised in the "Communities in control" White Paper that we need to make the rules governing parish polls more accessible and better understood and to define their scope more clearly. That is why my Department is taking work on parish polls forward.

We will want to consult the parish sector and others—and, obviously, my hon. Friend—on how the provisions for polls can be reformed. We will want to examine not only the methods for triggering a poll, but the scope and conduct of polls. We might, for example, consider modernising the full range of rules governing parish polls, which could involve—my hon. Friend mentioned this—an extension of the hours during which they can be held. We entirely agree that there should be robust and effective parish poll provisions, and I am grateful to my hon. Friend for raising the matter. However, for the reasons that I have given, I hope that he will join in our debates on this important issue but not press his new clause.

New clause 8, tabled by my hon. Friend the Member for Thurrock (Andrew Mackinlay), gave rise to a great deal of debate and very strong feelings. As my hon. Friend made clear, he knows that the Local Government Act 2000 allowed smaller councils in two-tier areas to operate a streamlined committee system. As he said, at the time when the changes were made, it was decided that local authorities with fewer than 85,000 electors could retain the committee structure to which he referred. As it happens, a fair number of the councils involved have moved on to the new system. I think it has been recognised that the executive arrangements have delivered more in terms of effective, transparent decision making and clearer accountability, and I think there is a general consensus that it represents a better approach.

Joan Walley (Stoke-on-Trent, North) (Lab): Will my right hon. Friend allow me to put on record the fact that, all along, we in Stoke-on-Trent had serious concerns about the changes that she seeks to make retrospectively, and that we do not feel that they were in the best interests of governance in Stoke-on-Trent?

Ms Winterton: I hear what my hon. Friend says, but we are not aware of any significant interest among local authorities in moving from the executive governance model to a streamlined committee system.

Mr. Hancock: Will the Minister tell us what evidence exists to suggest that the change has been for the betterment of local government, and will she explain what she thought was wrong with the old system, which allowed people to choose whether or not to have a committee?

Ms Winterton: Many Members have described the way in which they thought the old system worked. I believe that although having a very powerful committee chairman involved a similar number of very powerful figures, that system did not provide the accountability and transparency that a cabinet system allows, and the Bill is intended to improve it.

Mr. Curry: The proposal from the hon. Member for Thurrock (Andrew Mackinlay) does not require any single council to return to a committee system. It merely gives councils a choice. If the Minister is right and the trend is in the opposite direction, what harm would be done by the hon. Gentleman's measure? He would be proved wrong and the Minister would be proved right. This is not about prescription; it is all about choice.

Ms Winterton: It is also important for us in this place when we, too, are legislating to have as far as possible a system enabling us to know the structure for which we are legislating. That is why I believe that the new system will be better.

8.15 pm

Andrew Mackinlay: I am grateful to the Minister, for giving way to be, but I simply will not let her get away with this nonsense. All that I wish to interest this House of Commons in is giving local authorities an option. Why on earth is the Minister saying "We know best, and you must not—must not—have a committee system"? Where is the logic and fairness in that? As for the arbitrary provision for a population of 85,000, why is 87,000 unacceptable? It is just rubbish.

Ms Winterton: I am sure my hon. Friend does not really mean that. [HON. MEMBERS: "He does!"] Perhaps I can clarify one of the issues. We believe that allowing different structures to evolve would create confusion in the legislation. I realise that my hon. Friend feels strongly about the issue, but I am afraid I must tell him that we do not agree with his new clause.

Mr. Redwood: How on earth can giving people choice and allowing them to make sensible decisions create confusion in legislation? Is the Minister saying that the Government are completely incompetent, and could not handle choice in any kind of legislation?

Ms Winterton: What I am saying is that the new structures are well bedded in. We generally legislate in ways that accord with existing structures, and if we start to unwind that arrangement, complications will ensue.

New clause 17 proposes abolition of the Standards Board for England and the Adjudication Panel for England, which are two important and effective bodies. If that were to happen, councillors and members of local authority standards committees who look to the Standards Board for advice, guidance, training and direction about the conduct regime for local authority members would be cut adrift.

In 2008 we devolved the conduct regime for local authority members to local authorities, and in doing so we created a new role for the Standards Board for England. The board is still there to investigate the most serious allegations of misconduct by local authority members, but since 2008, when we devolved the conduct regime for local authority members to local authorities, it has also functioned in its new role as strategic regulator for local authority standards committees.

The regime that we have introduced accords with the recommendations of the Committee on Standards in Public Life, including its recommendation for the establishment of a more locally based decision-making regime for the investigation and determination of all but the most serious misconduct allegations, but with the Standards Board at the centre of the revised regime with its new strategic, regulatory role to ensure the consistency of standards. If Conservative Members are challenging that, they are obviously challenging the recommendations of the Committee on Standards in Public Life, which recently approached the Standards Board for England for advice on how a successful, robust and transparent conduct regime should operate.

The Standards Board for England is now fully equipped to perform its new role. Legislation came into force this summer that allows the board to become directly involved with local authority standards committees if its scrutiny of the way in which the conduct regime is operating in an authority causes it concern, or if it is invited to do so by the authority itself. The board has restructured, and has shed staff. Its budget has fallen from just over £8 million in 2008-2009 to £7.4 million in 2009-2010, and it is planned for it to fall further in future years as ongoing efficiency savings are made.

Today is the second day of the Standards Board for England's eighth annual assembly of standards committees—*[Interruption.]* I think that I have sent them a video recording of my speeches, so that should cheer them up. More than 800 delegates, councillors, local authority monitoring officers and standards committee members are meeting in Birmingham to discuss all aspects of the conduct regime, to share best practice and to attend training and question and answer sessions. They will be discussing, among other things, the role of standards in parish councils— I am sure that my hon. Friend the Member for Stroud will be pleased to know that—how to engage council leaders, embedding standards and how to communicate the standards regime to the public. They will also be discussing how standards regime practitioners can support councillors who serve on licensing and planning committees.

The Adjudication Panel for England performs vital functions. It considers appeals made by councillors against the decisions of local authority standards

[Ms Rosie Winterton]

committees and makes decisions about the most serious breaches of the code of conduct, deciding what sanctions are appropriate in cases where a breach is found to have taken place. That is a serious obligation. Where a serious breach of the code of conduct is found to have occurred, the consequences are, rightly, serious, too. The Adjudication Panel for England has the power to ban a person from being a councillor for up to five years. It is right that it should have that power. Actions that result in a breach of the code such as bullying can have a profound effect on the victim of the actions that led to the breach. We consider it appropriate for a national body to have such powers, but we question the alternative, which is the abolition of the Adjudication Panel, giving a local authority standards committee the power to stop a person being a councillor in any other authority for up to five years.

The vast majority of local authority members observe the high standards of behaviour that the electorate rightly expect of them, but we have seen that a robust conduct regime is essential to provide redress when the code of conduct is not observed. The Standards Board for England is needed not just to provide regulation for local authority standards committees that are enforcing the code of conduct, but to supply advice, support and training to local authority members to ensure that they work within the conduct regime. The abolition of the Standards Board and the Adjudication Panel would be a blow to high standards of conduct in the democratic process. Moreover, it would send a message that, far from building a fair, transparent and robust conduct regime, Parliament is intent on removing bodies whose purpose is to support the conduct regime.

The amendments tabled by the hon. Members for Wycombe (Mr. Goodman), for Peterborough (Mr. Jackson) and for Ludlow (Mr. Dunne)—amendments 24, 25 and 26—seek to ensure that the duty to promote democracy, the petitions duty and the extension of the duty to involve, do not come into force until July 2011. I have listened carefully to the concerns that they have raised, a number of which were raised in Committee. I can confirm that no final decision has been taken about the commencement of these provisions. We have been working to ensure that everything is in place to allow the duty to be commenced at the earliest possible date, but we are keeping all options open at this point and are considering the best way forward in the wider context of the Government's work on strengthening local democracy, including responses to the consultation on the subject, which has just come to a close, and in light of the current economic climate. The amendments would limit our flexibility to decide the most appropriate time to commence these duties. However, let me be clear that, in order to keep all options open, including the option of bringing the provisions into force in April 2010, prompt action may need to be taken to allow the appropriate stages to be taken, such as issuing draft statutory guidance for consultation.

Mr. Goodman: It sounds as though the Minister may have made a rather important announcement. Can she confirm that, in effect, she is withdrawing parts 1, 2 and 3 of the Bill? Can she remind the House whether there was a commencement date for those parts and whether she is proposing to alter that date if it was in the Bill?

Ms Winterton: The provision will be by order. We have said that we want to aim to bring in the provisions in 2010, but obviously we have not taken a final decision. We do not want to be restricted, as would happen under the hon. Gentleman's amendments.

If I could turn finally—[Hon. Members: "Hooray!"] Are you enjoying this? On new clause 4, I can certainly see how strongly my hon. Friend the Member for Newcastle upon Tyne, Central (Jim Cousins) feels about the issue. It did not escape my notice that the Parliamentary Secretary to the Treasury, my right hon. Friend the Member for Newcastle upon Tyne, East and Wallsend (Mr. Brown), was present during his contribution, which shows what an important issue this is in the Newcastle area.

I agree with my hon. Friend's central argument that women should be afforded the same rights as men, particularly in relation to freedoms granted for an area. He talked about the town moor in Newcastle. I happen to live on the town moor in Doncaster. Opposite we have the town fields, which are covered by similar provisions for freemen. People can take their sheep on there if they want. The Bill already makes provision allowing guilds to admit women.

There is one other thing that I need to deal with. I will keep hon. Members in suspense on that one. Could someone find new clause 18? *[Interruption.]* As I was saying, the Bill makes provision allowing guilds to admit women. The provisions in clause 27 were inserted through an amendment tabled by Lord Graham.

8.30 pm

Jim Cousins: May I invite the Minister to consider this point? The provision in the Bill does not confer a right other than if the freemen of that particular body choose to confer a right. New clause 4 confers the right untrammelled. There is no brokerage. The right is conferred directly to the daughters of freemen. It does not depend on the brokerage of another body to achieve that.

Ms Winterton: Yes. As I was saying, the provisions of clause 27 were inserted through an amendment tabled by Lord Graham and received cross-party support in the other place. We continue to believe that clause 27 strengthens the Bill by allowing admission rights to be changed more easily. Clause 27 provides for guilds to change their admission rights, including allowing women to become freewomen. However, my hon. Friend has put forward a powerful argument that it should not be discretionary, but that women should be afforded the same rights as men in such circumstances. Indeed, when accepting that the provisions of clause 27 should be inserted in the Bill, my noble Friend Baroness Andrews stated that we attach great importance to seeking equality between men and women and that

"traditions need to work in a way that is non-discriminatory"—[*Official Report, House of Lords*, 3 February 2009; Vol. 707, c. GC167.]

I can tell my hon. Friend the Member for Newcastle upon Tyne, Central that on that basis the Government support the inclusion of new clause 4 in the Bill. That is the good news. The bad news is that we cannot accept new clause 18 because it abolishes the comprehensive area assessment system, which is proving to be extremely successful and is generally recognised to be raising standards. However, we can certainly accept new clause 4,

and I congratulate my hon. Friend on the success of his long campaign for the provision to be included in legislation.

I hope that I have answered all the questions that have been raised and that I have given reassurances in respect of the amendments that we cannot accept. I also hope that the House will be delighted that we are to accept new clause 4.

Mr. Drew: Because of the nice things that my right hon. Friend has had to say about parish councils and how the Government will move forward on parish polls, I beg to ask leave to withdraw the clause.

Clause, by leave, withdrawn.

New Clause 3

INSOLVENCY PROTECTION

"(1) The Housing Grants, Construction and Regeneration Act 1996 (c.53) is amended as follows.

(2) After section 113 insert—

"113A Insolvency protection

(1) A party to a construction contract may at any time request the other party to provide adequate security including bank guarantees and bonds in respect of payments of the contract price, including the price of any varied or additional works.

(2) Where a party fails to provide the adequate security as requested under subsection (1), the party making the request has the right to suspend any or all of his obligations under the construction contract with the party in default.

(3) The right may not be exercised without first giving to the party in default at least seven days' notice of intention to suspend performance, stating that performance will be suspended unless, in the meantime, the security requested under subsection (1) is provided.

(4) The right to suspend performance ceases when the party in the default makes available the security requested under subsection (1).

(5) The consequences of the exercise of the right of the suspension under subsection (2) are as set out in subsections (3A) and (4) in section 112."'.—*(Mr. Llwyd.)*

Brought up, and read the First time.

Question put, That the clause be read a Second time.

The House proceeded to a Division.

Madam Deputy Speaker (Sylvia Heal): I ask the Serjeant at Arms to investigate the delay in the No Lobby.

The House having divided: Ayes 195, Noes 265.

Division No. 213] **[8.32 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brooke, Annette
Browning, Angela
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clifton-Brown, Mr. Geoffrey
Corbyn, Jeremy
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David
Dorrell, rh Mr. Stephen
Dorries, Nadine
Drew, Mr. David
Duddridge, James
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Featherstone, Lynne
Field, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gray, Mr. James
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Hague, rh Mr. William
Hammond, Mr. Philip
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Holmes, Paul
Horwood, Martin
Howard, rh Mr. Michael
Howarth, David
Howell, John
Hughes, Simon
Huhne, Chris
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jones, Mr. David
Kawczynski, Daniel
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Lamb, Norman
Lansley, Mr. Andrew
Laws, Mr. David
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
MacNeil, Mr. Angus
Main, Anne
Maples, Mr. John
Mason, John
McDonnell, John
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Moore, Mr. Michael
Mulholland, Greg
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Öpik, Lembit
Paice, Mr. James
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penrose, John
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Rosindell, Andrew
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Simmonds, Mark
Simpson, Mr. Keith
Smith, Chloe
Smith, Sir Robert
Spelman, Mrs. Caroline
Spink, Bob
Spring, Mr. Richard
Streeter, Mr. Gary
Stuart, Mr. Graham
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Taylor, Mr. Ian
Thurso, John
Timpson, Mr. Edward
Truswell, Mr. Paul
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vara, Mr. Shailesh

Viggers, Sir Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Dan Rogerson and
Mr. Mike Weir

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, rh Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Durkan, Mark
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Francis, Dr. Hywel
Gilroy, Linda
Godsiff, Mr. Roger
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hamilton, Mr. David
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, rh Dr. Kim
Humble, Mrs. Joan
Hutton, rh Mr. John
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Kaufman, rh Sir Gerald
Keeley, Barbara
Keen, Alan
Keen, Ann
Kemp, Mr. Fraser
Khan, rh Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Marris, Rob
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McFadden, rh Mr. Pat
McFall, rh John
McGrady, Mr. Eddie
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
Merron, Gillian
Michael, rh Alun
Miliband, rh David
Miller, Andrew
Moffat, Anne
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, rh Mr. Mike
O'Hara, Mr. Edward
Oiner, Mr. Bill
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Raynsford, rh Mr. Nick
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Lindsay
Ruane, Chris
Russell, Christine
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, rh Angela E. *(Basildon)*
Smith, Geraldine
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Twigg, Derek
Ussher, Kitty
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda

Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wyatt, Derek

Tellers for the Noes:
Steve McCabe and Kerry McCarthy

Question accordingly negatived.

New Clause 4

LOCAL FREEDOMS

'(1) The Local Government Act 1972 (c. 70) is amended as follows.

(2) In section 248 (freemen and inhabitants of existing boroughs), after subsection (1) there is inserted—

"(1A) Where the son of a freeman of a city or town may claim to be admitted as a freeman of that place, the daughter of a freeman may likewise claim to be so admitted.

(1B) The son or daughter of a freeman of a city or town shall be admitted as a freeman whether born before or after the admission, as a freeman, of his or her freeman parent and wherever he or she was born.

(1C) In subsections (1A) and (1B) 'freeman' excludes a freeman of the City of London.'".—*(Jim Cousins.)*

Brought up, read the First and Second time, and added to the Bill.

New Clause 6

PURPOSES OF REGIONAL DEVELOPMENT AGENCIES

'Section 4 of the Regional Development Agencies Act 1998 (c. 45) is amended as follows—

(a) in paragraph (a) of subsection (1) after first "the", insert "sustainable", and

(b) in paragraph (e) of subsection (1) after "Kingdom", leave out to end of line.'.—*(Julia Goldsworthy.)*

Brought up, and read the First time.

Julia Goldsworthy: I beg to move, That the clause be read a Second time.

Madam Deputy Speaker (Sylvia Heal): With this it will be convenient to discuss the following:

New clause 13—*Local Spending Reports*—

'(1) The Secretary of State must as soon as practicable but not less than 12 months after the passing of this Act produce and publish a Local Spending Report.

(2) The reports must cover—

(a) all government departments, and

(b) any other person exercising public functions.

(3) The reports must include—

(a) all public expenditure for each local authority area in so far as it is possible to define it, and

(b) both current and proposed future spending.

(4) Local spending reports shall be updated as frequently as is reasonably practicable but in any event at least once every two years.

(5) The first report under this section must be laid before Parliament no later than 12 months after this Act is passed.

(6) In this section the term "Local Spending Report" has the same meaning as in the Sustainable Communities Act 2007 (c. 23).'.

New clause 14—*Democratic arrangements within sustainable communities*—

'(1) The Sustainable Communities Act 2007 (c. 23) ("the Act of 2007") is amended as follows.

(2) After section 3 insert—

"3A Proposals made by the selector

(1) The first short list of proposals drawn up by the selector subsequent to the passing of this Act may contain as many proposals as the selector thinks it is reasonably practicable to deal with provided that he has sufficient proposals from local authorities.

(2) After that first short list of proposals has been submitted the selector may submit such further proposals as in his opinion it is reasonably practicable to deal with.

(3) The selector must, provided that he has sufficient proposals from local authorities, ensure that there is always a rolling set of proposals being considered by the Secretary of State.

(4) The selector must publish his reasons for rejecting any proposals from local authorities.".

(3) In section 5 (proposals: regulations) after paragraph (4)(a) insert—

"(b) the panel must, subject to subsection (4)(c), include representatives of parish councils in a local authority's area,

(c) a local authority that has established or recognised such a panel shall select representatives of parish councils to be members of any such panel unless—

(i) the parish councils within its area have selected at least two members to serve on the panel within six months of the coming into force of this Act; or

(ii) there are no parish councils within the authority's area.".

(4) In section 2 (proposals by local authorities) after subsection (1) insert—

"(2) For the purpose of making proposals to the Secretary of State where there is in the opinion of the Secretary of State a viable county association of parish councils then he must recognise that association for that purpose.

(3) Where the Secretary of State has recognised a county association pursuant to subsection (2) he must invite that association to make proposals which it considers would contribute to promoting the sustainability of local communities and, in such a case, sections 2-5 shall apply.

(4) Before it makes any proposals a recognised county association must consult and try to reach agreement with parish councils in its area about those proposals.

(5) Where a local authority has not decided to make proposals to the Secretary of State then provided that at least five per cent. of electors in its area have signed and delivered a petition to the offices of the authority specifying that the authority must make proposals then the authority shall organise a referendum of all electors on the matter in that petition.

(6) If in that referendum a majority of those voting support the petition then the authority must within 12 months make proposals and in such a case the provisions of this Act or the Act of 2007 shall apply.

(7) The Secretary of State must within 12 months of the passing of this Act make regulations about the drawing up and presentation of petitions and the holding of referendums under this Act..".

Amendment 27, in clause 66, page 50, line 8, at end insert—

'( ) When conducting an assessment under this part, a principal local authority must consider the impact on the social, environmental and economic wellbeing of the authority's area, including in particular where applicable (but not limited to) the effect on ports, caused by non-domestic rating revaluations.'.

Amendment 12, in clause 67, page 50, line 15, leave out 'economic'.

[Madam Deputy Speaker]

Amendment 13, page 50, line 20, at end insert

'and policies that seek to protect and enhance the environment, including biodiversity, natural resources and landscape.'.

Amendment 14, page 50, line 35, at end add—

'(9) In subsection (2)(a) "sustainable growth" means economic growth that can be sustained and is within environmental limits but also enhances the environment and social welfare and avoids greater extremes in future economic cycles.'.

Amendment 2, in clause 70, page 52, line 11, at end insert—

'(3) The responsible regional authorities shall establish and support a body whose purpose shall be to promote and scrutinise the achievement of sustainable development in their region.

(4) For the purpose of subsection (1) the responsible regional authorities in relation to a region and the Secretary of State must have regard to the advice of the body established under subsection (3).'.

Amendment 3, in clause 72, page 53, line 2, at end insert—

'(4) The public shall be given an early and effective opportunity within appropriate timeframes to express their opinion on—

(a) the key issues and options for the regional strategy, and

(b) the draft regional strategy.

(5) The responsible regional authorities shall establish and support a stakeholder body which shall include social, environmental and economic partners, and whose purpose shall be to provide advice on—

(a) the revision of the regional strategy, including its project management and the vision of the strategy;

(b) the statement of community involvement prepared under subsection (1);

(c) arrangements for, and the report of the findings of, the appraisal of sustainability prepared under section 74(2);

(d) the plan for implementing the regional strategy prepared under section 78(1);

(e) the report prepared under section 78(2).'.

Amendment 4, in clause 78, page 56, line 14, at end insert—

'(d) must use a full range of social, environmental and economic indicators.'.

Julia Goldsworthy: New clause 6 has a number of similarities with other amendments in this group, which raise concerns and questions about the proposals to extend the powers and remit of the regional development agencies. It goes back to the original remit of the RDAs, and highlights our concern that the economy will remain the key and most prominent driver, despite claims made in earlier debates on this Bill that the agencies' role would be broadened to include wider sustainability issues.

If the Government are serious about those claims, they need to go back and amend the original legislation outlining the powers and remit of the RDAs.

Mr. Oliver Letwin (West Dorset) (Con): Does the hon. Lady agree that it is a disgrace that the Government have in effect prevented a serious discussion of the local spending reports? She and I, and other hon. Members from all parties, received an assurance about that from Ministers, but they have utterly failed to fulfil it.

Julia Goldsworthy: I agree, but unfortunately that is only the latest in a long line of disappointments on this issue. The Government like to talk a good game about wanting to give people real information about the public money being spent in this area, but they seem to try to prevent that debate at every opportunity. The result is that they do not have to deliver the commitment that they promised in earlier legislation.

I shall not spend long on the new clauses in this group, as I hope that we will have an opportunity to vote on them. The Government have the opportunity to address their tarnished reputation on sustainability—an issue dear to my heart, as I have outlined already.

New clause 13 would compel the Government to publish local spending reports. That is a cornerstone of engaging people in local democracy and decision making, because it gives them an opportunity to see how public money is being spent. When they know that, the next step is that they will want to have a say about where it could be better spent. The Government have not delivered spending reports in the way they promised when we debated the Sustainable Communities Act 2007.

New clause 14 would make a series of improvements to the 2007 Act. It would ensure that people would have more than just a one-off opportunity—it proposes a rolling programme that would allow communities to have a real say about the changes needed to make a real difference to their lives. In addition, the new clause would allow local authorities to submit proposals on a rolling basis and involve town and parish councils—a serious omission from the 2007 Act.

I hope that the Minister will address these issues of sustainability, for which there is a real need and appetite at local level. What amazed me the most about the 2007 Act was that it was a local campaign that turned into a legislative programme. If the Government are serious about involving people and re-engaging them in politics, these are the sorts of provisions they should be supporting rather than trying to run away from.

Mr. Stewart Jackson: I too shall be brief. I concur with my right hon. Friend the Member for West Dorset (Mr. Letwin): it is a disgrace that the House should have been detained by the nonsense and ephemera of the Minister's 35-minute filibuster when there are important issues to discuss in respect of the Sustainable Communities Act 2007.

I turn now to a subject to which far too little attention has been paid over the past few months and years—the economic assessment of ports. It is totally appropriate for us to debate that subject now, albeit briefly.

The Government's policy is that retrospective taxation should take place only when it is fair, proportionate, necessary to protect revenue and in the public interest. The tax on ports is a clear breach of those tests. When they introduced that retrospective tax, the Government disregarded their own rules. No impact assessment was made, no consultation exercise was carried out with those affected—

The Minister for Housing (John Healey): We've been over this.

Mr. Jackson: The Minister says, "We've been over this", but the Home Secretary does not agree and is masquerading as a constituency MP on this issue and

going against the policy of the Government. We may have gone over the issue, but we certainly have not resolved it.

The Government's policy also contravenes the Treasury's guidance on retrospective taxation. The Treasury Committee concluded that consideration should be given to the proposal to maintain the rating system in statutory docks and harbours at the levels published in the April 2005 rating lists until the new lists are published in April 2010. Those new taxes will hit the wider economy as a range of companies, such as those in the car and road haulage industries, are based in ports. The Prime Minister has failed to realise that his policies will lead to jobs being lost.

As we have seen tonight, Ministers are in denial about the harmful effects of those unfair, retrospective taxes. For instance, GEFCO, Peugeot's and Citroen's main distributor in Britain, is being hit with a retrospective £3 million rates bill. It makes a mockery of Lord Mandelson's claims that the Government are trying to help the car industry. Those taxes are a kick in the teeth for local firms in the depths of recession.

The retrospective tax fiasco highlights the joint incompetence of the Valuation Office Agency and Ministers. It is resulting in firms being pushed into insolvency and needlessly laying off workers. Indeed, the Government were forced to accept the principle that the retrospective charges were undesirable in the Business Rate Supplements Act 2009, via Conservative amendments during the Bill's passage through the other place. Should that principle not have wider implications for business rates in general? The effect on business is acute. The Humber docks rating revaluation group estimates that 600 businesses could be affected. Some firms have already started to lay off workers.

I turn briefly to the comments of the Home Secretary, the right hon. Member for Kingston upon Hull, West and Hessle (Alan Johnson), who was quite happy to vote with his party but was keen locally to "reopen" the issue of retrospective bills, which are to hit port companies with a tax bill of more than £200 million in Hull.

The proposals are at the heart of economic assessment. The Government have done everything they can to fail to face the issue and debate it in the House in a proper and meaningful way, as the Minister for Housing knows full well. For the avoidance of doubt, Conservatives believe, and have said, that the current 2005 rating list system should remain in force for ports, and that any new system should be introduced only in the 2010-15 rating cycle, following appropriate consultation with industry with proper advance warning—as has failed to take place thus far.

On the basis of the case I have made this evening about the ports tax and the damage it will do to our industry and ports, I ask the House to support our amendment.

Joan Walley: Given my long-standing interest in the whole issue of sustainability, and the length of time I have sat here hoping for an opportunity to speak to the amendments, I want to impress on my right hon. Friend the Minister the importance of putting a definition of sustainable growth in the Bill—an explicit reference to make sure that the regional strategies that the Government are now introducing include—

Ms Rosie Winterton: Will my hon. Friend give way?

Joan Walley: I will happily give way.

Ms Winterton: I am very well aware of the interest my hon. Friend has shown in the issue—as has my hon. Friend the Member for Stroud (Mr. Drew)—and I think there is a way to ensure that the regional strategies and local spending reports take into account many of the concerns they have raised. I invite them both to a meeting with the Secretary of State and me to look at how we can take forward some of those important issues.

Joan Walley: I am most grateful. I look forward to an urgent meeting with great interest. I should like the Campaign to Protect Rural England to be involved as well. Like many voluntary organisations, the CPRE has impressed on us the importance of making sure that we do not repeat the mistakes that were made when the Government set up the regional development agencies without giving proper powers on environmental sustainability. Some RDAs have made a lot of progress, but if we are now to have regional strategies, it is really important that we get the guidance right. On that basis, I look forward to my right hon. Friend's meeting.

David Taylor: I shall speak to amendment 3, tabled by my hon. Friend the Member for Stroud (Mr. Drew). It is important to stress that the amendment would not reward nimbyism. Rather, it would facilitate the truly democratic sustainable development that the Government appear to seek, given the stirring title of the White Paper on which the Bill is partly based—"Communities in control: real people, real power".

The amendment would require local authorities to conduct meaningful consultation with local communities, and would go some way to countering the cynicism with which many of our constituents regard the planning process at a local level, not to mention the decision-making process in local and central Government. I urge colleagues to support this progressive amendment, and I take the opportunity to move it—

9 pm

Debate interrupted (Programme Order, 1 June).

The Deputy Speaker put forthwith the Question already proposed from the Chair (Standing Order No. 83E). That the clause be read a Second time.

Question negatived.

The Deputy Speaker then put forthwith the Questions necessary for the disposal of the business to be concluded at that time (Standing Order No. 83E).

New Clause 8

COMMITTEE SYSTEM

'(1) Section 31 of the Local Government Act 2000 (c. 22) is amended as follows.

(2) Subsection (2), there is substituted—

"(2) A local authority falls within this subsection if the resident population of the authority's areas on 30 June 1999 was less than 1,000,000."'.—*(Andrew Mackinlay.)*

Brought up.

Question put, That the clause be added to the Bill.

The House proceeded to a Division.

Madam Deputy Speaker: I ask the Serjeant at Arms to investigate the delay in the No Lobby.

The House having divided: Ayes 208, Noes 260.

Division No. 214] **[9 pm**

AYES

Abbott, Ms Diane
Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brooke, Annette
Browning, Angela
Bruce, rh Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clelland, Mr. David
Clifton-Brown, Mr. Geoffrey
Corbyn, Jeremy
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David
Dorrell, rh Mr. Stephen
Dorries, Nadine
Drew, Mr. David
Duddridge, James
Dunne, Mr. Philip
Durkan, Mark
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Featherstone, Lynne
Field, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Godsiff, Mr. Roger
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gray, Mr. James
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Hague, rh Mr. William
Hammond, Mr. Philip
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Holmes, Paul
Hopkins, Kelvin
Horwood, Martin
Howard, rh Mr. Michael
Howarth, David
Howell, John
Hughes, Simon
Huhne, Chris
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jones, Mr. David
Kawczynski, Daniel
Kennedy, rh Mr. Charles
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Lamb, Norman
Lansley, Mr. Andrew
Laws, Mr. David
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Mackinlay, Andrew
Maclean, rh David
MacNeil, Mr. Angus
Main, Anne
Maples, Mr. John
Martlew, Mr. Eric
Mason, John
McDonnell, John
McGrady, Mr. Eddie
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Moore, Mr. Michael
Mulholland, Greg
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Öpik, Lembit
Paice, Mr. James
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penrose, John
Price, Adam
Prisk, Mr. Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Dan
Rosindell, Andrew
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Simmonds, Mark
Simpson, Alan
Simpson, Mr. Keith
Smith, Chloe
Smith, Sir Robert
Soulsby, Sir Peter
Spelman, Mrs. Caroline
Spink, Bob
Spring, Mr. Richard
Streeter, Mr. Gary
Stuart, Mr. Graham
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Taylor, Mr. Ian
Taylor, Matthew
Thurso, John
Timpson, Mr. Edward
Truswell, Mr. Paul
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Mr. Ronnie Campbell and David Taylor

NOES

Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, rh Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Cabom, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Caton, Mr. Martin
Cawsey, Mr. Ian

Challen, Colin
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Francis, Dr. Hywel
Gilroy, Linda
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hamilton, Mr. David
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Howarth, rh Mr. George
Howells, rh Dr. Kim
Humble, Mrs. Joan
Hutton, rh Mr. John
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Kaufman, rh Sir Gerald
Keeley, Barbara
Keen, Alan
Keen, Ann
Kemp, Mr. Fraser
Khan, rh Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Marris, Rob
Marshall-Andrews, Mr. Robert
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
Meacher, rh Mr. Michael
Merron, Gillian
Michael, rh Alun
Miliband, rh David
Miller, Andrew
Moffat, Anne
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, rh Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Raynsford, rh Mr. Nick
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Lindsay
Ruane, Chris
Russell, Christine
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, rh Angela E. *(Basildon)*
Smith, Geraldine
Snelgrove, Anne
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Twigg, Derek
Ussher, Kitty
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wyatt, Derek

Tellers for the Noes:
Kerry McCarthy and Steve McCabe

Question accordingly negatived.

New Clause 13

Local Spending Reports

'(1) The Secretary of State must as soon as practicable but not less than 12 months after the passing of this Act produce and publish a Local Spending Report.

(2) The reports must cover—

(a) all government departments, and

(b) any other person exercising public functions.

(3) The reports must include—

(a) all public expenditure for each local authority area in so far as it is possible to define it, and

(b) both current and proposed future spending.

(4) Local spending reports shall be updated as frequently as is reasonably practicable but in any event at least once every two years.

(5) The first report under this section must be laid before Parliament no later than 12 months after this Act is passed.

(6) In this section the term "Local Spending Report" has the same meaning as in the Sustainable Communities Act 2007 (c. 23).'.—*(Mr. Drew.)*

Brought up.

Question put, That the clause be added to the Bill.

The House divided: Ayes 203, Noes 261.

Division No. 215] **[9.16 pm**

AYES

Abbott, Ms Diane
Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brooke, Annette
Browning, Angela
Bruce, rh Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clifton-Brown, Mr. Geoffrey
Corbyn, Jeremy
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David
Dorrell, rh Mr. Stephen
Dorries, Nadine
Drew, Mr. David
Dunne, Mr. Philip
Durkan, Mark
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Featherstone, Lynne
Field, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gray, Mr. James
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Hague, rh Mr. William
Hammond, Mr. Philip
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Hoban, Mr. Mark
Holmes, Paul
Hopkins, Kelvin
Horwood, Martin
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Howell, John
Hughes, Simon
Huhne, Chris
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jones, Mr. David
Jones, Lynne
Kawczynski, Daniel
Kennedy, rh Mr. Charles
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Lamb, Norman
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Lewin, rh Mr. Oliver
Lewis, Dr. Julian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
MacNeil, Mr. Angus
Main, Anne
Maples, Mr. John
McDonnell, John
McGrady, Mr. Eddie
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Moore, Mr. Michael
Mulholland, Greg
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Öpik, Lembit
Paice, Mr. James
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penrose, John
Prentice, Mr. Gordon
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Rosindell, Andrew
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Simmonds, Mark
Simpson, Alan
Simpson, Mr. Keith
Smith, Chloe
Smith, Sir Robert
Spelman, Mrs. Caroline
Spring, Mr. Richard
Streeter, Mr. Gary
Stuart, Mr. Graham
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Taylor, David
Taylor, Mr. Ian
Taylor, Matthew
Thurso, John
Timpson, Mr. Edward
Truswell, Mr. Paul
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Mark
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
James Duddridge and Mr. Roger Williams

NOES

Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, rh Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Cabom, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Cousins, Jim
Crausby, Mr. David
Creagh, Mary

Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Eagle, Maria
Efford, Clive
Elman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Francis, Dr. Hywel
Gilroy, Linda
Godsiff, Mr. Roger
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hamilton, Mr. David
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Howarth, rh Mr. George
Howells, rh Dr. Kim
Humble, Mrs. Joan
Hutton, rh Mr. John
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Mr. Martyn
Jowell, rh Tessa
Kaufman, rh Sir Gerald
Keeley, Barbara
Keen, Alan
Keen, Ann
Kemp, Mr. Fraser
Khan, rh Mr. Sadiq
Kidney, Mr. David
Killoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Marris, Rob
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
Merron, Gillian
Michael, rh Alun
Miliband, rh David
Miller, Andrew
Moffat, Anne
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, rh Mr. Mike
O'Hara, Mr. Edward
Oliver, Mr. Bill
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pound, Stephen
Prentice, Bridget
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Raynsford, rh Mr. Nick
Reed, Mr. Jamie
Reid, rh John
Riorden, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Lindsay
Ruane, Chris
Russell, Christine
Serwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, rh Angela E. *(Basildon)*
Smith, Geraldine
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Trickett, Jon
Turner, Dr. Desmond
Twigg, Derek
Usher, Kitty
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wyatt, Derek

Tellers for the Noes:
Kerry McCarthy and Steve McCabe

Question accordingly negatived.

Clause 66

LOCAL AUTHORITY ECONOMIC ASSESSMENT

Amendment proposed: 27, page 50, line 8, at end insert—

'( ) When conducting an assessment under this part, a principal local authority must consider the impact on the social, environmental and economic wellbeing of the authority's area, including in particular where applicable (but not limited to) the effect on ports, caused by non-domestic rating revaluations.'—*(Mr. Stewart Jackson.)*

Question put, That the amendment be made.

The House divided: Ayes 185, Noes 277.

Division No. 216] **[9.31 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brooke, Annette
Browning, Angela
Bruce, rh Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Campbell, rh Sir Menzies
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Cox, Mr. Geoffrey

Crabb, Mr. Stephen
Curry, rh Mr. David
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davies, Philip
Dorrell, rh Mr. Stephen
Dorries, Nadine
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Featherstone, Lynne
Field, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gray, Mr. James
Green, Damian
Greening, Justine
Grieve, Mr. Dominic
Hague, rh Mr. William
Hammond, Mr. Philip
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Hoban, Mr. Mark
Holmes, Paul
Horwood, Martin
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Howell, John
Hughes, Simon
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jones, Mr. David
Kawczynski, Daniel
Kennedy, rh Mr. Charles
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Lamb, Norman
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Lewis, Dr. Julian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Maples, Mr. John
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Moore, Mr. Michael
Mulholland, Greg
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Opik, Lembit
Paice, Mr. James
Paterson, Mr. Owen
Penning, Mike
Penrose, John
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Dan
Rosindell, Andrew
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Simmonds, Mark
Simpson, Mr. Keith
Smith, Chloe
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spink, Bob
Spring, Mr. Richard
Streeter, Mr. Gary
Stuart, Mr. Graham
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Taylor, Mr. Ian
Thurso, John
Timpson, Mr. Edward
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Mr. Roger
Williams, Stephen
Wills, Mr. Phil
Wilott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
James Duddridge and Jeremy Wright

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, rh Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Francis, Dr. Hywel
Gardiner, Barry
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, rh Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hamilton, Mr. David
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Hayes, David
Hill, rh Keith
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, rh Dr. Kim
Humble, Mrs. Joan

Hutton, rh Mr. John
Iddon, Dr. Brian
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Kaufman, rh Sir Gerald
Keeley, Barbara
Keen, Alan
Keen, Ann
Kemp, Mr. Fraser
Khan, rh Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Lawton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Marris, Rob
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGrady, Mr. Eddie
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
Meacher, rh Mr. Michael
Merron, Gillian
Michael, rh Alun
Miliband, rh David
Miller, Andrew
Moffat, Anne
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, rh Mr. Mike
O'Hara, Mr. Edward
Oliver, Mr. Bill
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Pelling, Mr. Andrew
Plaskitt, Mr. James
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Raynsford, rh Mr. Nick
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Lindsay
Ruane, Chris
Russell, Christine
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, rh Angela E. *(Basildon)*
Smith, Geraldine
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Twigg, Derek
Usher, Kitty
Vis, Dr. Rudi
Walley, Joan
Watts, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wicken, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wyatt, Derek

Tellers for the Noes:
Steve McCabe and Kerry McCarthy

Question accordingly negatived.

Clause 137

ADJUDICATION COSTS

Amendments made: 21, page 82, line 3, after 'applies' insert 'in relation'.

Amendment 22, page 82, line 7, leave out from beginning to end of line 13 and insert—

'(2) The contractual provision referred to in subsection (1) is ineffective unless—

(a) it is made in writing, is contained in the construction contract and confers power on the adjudicator to allocate his fees and expenses as between the parties, or

(b) it is made in writing after the giving of notice of intention to refer the dispute to adjudication.'".—*(Ms Rosie Winterton.)*

Clause 144

COMMENCEMENT: GENERAL

Amendment made: 28, page 87, line 17, leave out 'Chapter 2 comes' and insert

'Sections [Mutual insurance] and [Mutual insurance: supplementary] and Chapter 2 come'.—*(Ms Rosie Winterton.)*

Schedule 7

REPEALS

Amendment made: 23, page 137, line 40, second column, at beginning insert—

'Section 106(1)(b) and the preceding "or".'.

—*(Ms Rosie Winterton.)*

Title

Amendment made: 29, line 5, after 'authorities' insert ', their powers relating to insurance'.—*(Ms Rosie Winterton.)*

Third Reading

Queen's and Prince of Wales's consent signified.

9.45 pm

Ms Rosie Winterton: I beg to move, That the Bill be now read the Third time.

I am aware that we do not have a great deal of time for Third Reading, but I would like to thank right hon. and hon. Members, especially those who participated in Committee, for their deep consideration of the clauses. The Bill has been carefully scrutinised in the House, in Committee and in the other place. I express my particular gratitude to the Minister for Housing, in whose capable hands the Bill started off before descending into mine. I also thank the Exchequer Secretary to the Treasury, who was briefly a member of our Public Bill Committee and who dealt admirably with the clauses on construction.

[Ms Rosie Winterton]

This is an important Bill with two key aims. It is about strengthening local democracy and giving people a stronger voice in their communities, and it empowers local authorities and partners to promote economic recovery and growth. In the difficult economic times that we have faced in recent months, the role of local authorities, playing an important economic part in their local economies, has come to the fore. I am sure that all hon. Members agree that in many instances local authorities can work with local partners to give support to individuals and local businesses. Local authorities have worked to get immediate help out there—I am thinking of the housing changes made by the Minister for Housing—and have helped in planning for the future by looking at skills provision and local economic needs. That is why I believe that the Bill is so important, particularly in respect of the role that local authorities can play in promoting local economic development. The Bill gives local authorities and regional development agencies powerful tools with which to promote economic recovery.

Other issues debated this evening stem from the review of sub-national economic development and regeneration, where the Minister for Housing again made such a vital contribution. Local authorities can work together to promote economic development in the regional context, which is incredibly important.

I repeat that Conservative Members want to dismantle many of the structures put in place to deliver real help during difficult economic times, which is the completely wrong approach. In my experience—not only as Minister for Regional Economic Development and Co-ordination, but as regional Minister for Yorkshire and the Humber—individuals and businesses appreciate the help given and want local authorities and regional development agencies, working with the new leaders board, to play a greater, not lesser, role.

I commend the Bill to the House. It has been well scrutinised and it makes some key changes, which we should all be pleased to welcome in respect of economic development and strengthening local democracy.

9.49 pm

Mrs. Caroline Spelman (Meriden) (Con): I want to record our thanks to all those who have devoted so many hours to debating the Bill, but it also falls to me to point out to the Secretary of State, who has kindly graced us with his presence for the final 10 minutes of the debate, that the Minister for Regional Economic Development and Co-ordination undoubtedly shouldered most of the load, and I commend her on that. However, although she announced to the House that she was thoroughly enjoying doing it—at length—I have to say that, at certain points, some of us found the experience less than enjoyable.

I particularly thank Lord Bates of Langbaurgh, who shouldered the load for us in another place, and my hon. Friends the Members for Peterborough (Mr. Jackson) and for Wycombe (Mr. Goodman), who led for us so admirably from the Front Bench on this lengthy Bill. I think it right also to record the contributions to the Committee stage of experienced former Ministers—my right hon. Friends the Members for Hitchin and Harpenden (Mr. Lilley) and for Skipton and Ripon (Mr. Curry)—as well as the valuable role played by my hon. Friend the Member for Ludlow (Mr. Dunne).

It is disappointing that, as a result of lengthy discussions on earlier amendments, we failed to reach what is probably the most important clause in the Bill—the one that enables planning powers to reside in the hands of unelected and unaccountable officials in the regional development agencies. My strong objection to the Bill throughout has been that removing powers from the hands of democratically elected representatives and placing them in the hands of bureaucrats and quangos is fundamentally undemocratic and at odds with the very title of the Bill. If the Bill had any pretence of living up to its description as a local democracy Bill, it would scrap regional planning and return those powers to local government, where they truly belong.

However, it is not just the centralising nature of the Bill that is so at odds with public demand. The powers are being transferred to RDAs at a time when we are experiencing one of the worst recessions ever. We shall have to use every weapon in our arsenal in competing with other countries to pull ourselves out of recession. Is it not folly of the first order to divert RDAs from their original purpose of dealing with planning and house building at this time?

The Bill contains a rag-bag of measures. I think it right, in his absence, to record that it was the hon. Member for Thurrock (Andrew Mackinlay) who described it as nonsense. At least he put his money where his mouth was this evening by tabling an amendment that garnered considerable support. It might have brought a bit more sense to a Bill which is indeed, in large part, nonsense. So much of it is either duplication or plainly unnecessary. I must ask the Minister whether she understands that the things that she is pressing local authorities to do by means of statute are things that they have been doing for years as a matter of course. For example, the requirement to promote democracy is part of the essence of what a local authority does most of the time.

The Bill emerged to fill a vacuum in legislation after the "Communities in Control" Bill was quietly dropped by the Government. It bears all the hallmarks of legislation that has been scratched together in the absence of any real direction or leadership. It is a landmark in missed opportunities. People are crying out for their elected local representatives to have real power over decision making, but the Bill provides for the opposite. It is prescriptive where it should simply be permissive, and it codifies in tiny detail matters that are best left for councils to decide.

Where is the action to help people who are struggling to pay their council tax bills, and businesses that are struggling to stay afloat and facing an onslaught of tax increases? Where is the route map for getting more homes built? We want to stimulate house building, but nothing in the Bill will achieve that. In fact, the Bill does nothing to address any of the most pressing issues that people face. It shows more than ever the extent to which the Government have simply run out of road. When our country is crying out for bold and radical change, all Ministers offer is more of the same.

It is not the place of anyone in the House to predict the outcome of the next election. Nor should a new Government seek to scrap every piece of legislation put through the Commons by the previous one. None the less, we have made it crystal clear from the start that the Bill is fundamentally flawed. Therefore, today I am

putting local authorities on notice that, if elected, we will take remedial action by scrapping large parts of the Bill and all the other bureaucratic burdens that write on to the statute book what local authorities already do in any event. We are also going to abolish the entire regional strategy chapter of the Bill. Whether we get that opportunity is a matter for the electorate and can never be taken for granted, but this Bill, almost more than any other, painfully demonstrates that the electorate need to be given the opportunity sooner rather than later.

9.55 pm

Dan Rogerson (North Cornwall) (LD): I shall keep my remarks fairly brief. I have had the privilege, in the brief time that I have been in the House during this Parliament, to serve on a number of Public Bill Committees. On those occasions, I may not have agreed with what was happening when we reached Third Reading, but at least there was a feeling that something would change the world in some way.

We have reached Third Reading with this Bill. We have devoted a lot of time to debating it, and we have attempted to improve it and to give it some meaning. Even this evening, there have been a few last-ditch attempts to do that. What we have ended up with is nonsense, as the hon. Member for Thurrock (Andrew Mackinlay) has said. The Bill will not offer anything at all, when people need support. They need some of the control that central Government have put on local government—the previous Government as well as the current one—to be released to allow local authorities to come up with solutions that are appropriate to their areas.

The Bill does nothing appreciable to improve conditions so that local democracy can flourish. Many of those in the construction industry remain unhappy with the elements of the Bill on construction. The Bill's attempts to improve economic prosperity and its tinkering will not unlock the potential in the regions to develop an economy that will see us through into recovery. It is a huge missed opportunity.

I join in the Minister's tribute to all hon. Members, both in the House today and in Committee, for their contributions, but it is with a sense of genuine disappointment that I find us here on Third Reading discussing a Bill that offers nothing, for all the effort that has been put into dealing with it. I pay tribute to the work that my hon. Friend the Member for Falmouth and Camborne (Julia Goldsworthy) has put into the Bill. I also thank Steve McAuley and Beth Warmington, who have put in a lot of work in doing research and conducting discussions.

A lot of people watching our debate will feel let down, particularly on the construction elements of the Bill. There was an opportunity to put the matter right, but that has not happened. With great sadness, I have to say that the Bill fails to achieve any of its objectives.

9.58 pm

Mr. Curry: The Bill faces in absolutely the wrong direction. The core of the Bill is to give more powers to the regional development agencies, which are unaccountable bodies. It sets up leaders panels, heavily chaperoned by the Secretary of State, as was said in Committee, to manage the consultation process. The situation should be exactly the other way round—those powers should go to local government. Local government works well together. The multi-area agreements work and the leaders panels have something to be said for them, but they should be bidding for the powers that are presently vested in the regional bodies, along with private sector partners and the third sector, because they are ultimately accountable and those regional bodies are not.

If we take the combined effect of the Planning Act 2008, the Infrastructure Planning Commission and the powers given to the regional development agencies, there is a huge retreat from accountability with the Bill, which is very bad for democracy. The title of the Bill is a parody of what its impact will be in practice. Perhaps before the Government implement this, they should read Tristram Hunt's book "Building Jerusalem: The Rise and Fall of the Victorian City" and contemplate how much they, and perhaps all of us, have at times contributed to its fall. It is about time that we engineered its rise again.

Question put, That the Bill be now read the Third time.

The House divided: Ayes 274, Noes 189.

Division No. 217] **[9.59 pm**

AYES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, rh Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Elman, Mrs. Louise
Engel, Natascha
Etherington, Bill

Farrelly, Paul
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Francis, Dr. Hywel
Gardiner, Barry
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, rh Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hamilton, Mr. David
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, rh Dr. Kim
Humble, Mrs. Joan
Iddon, Dr. Brian
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Kaufman, rh Sir Gerald
Keeley, Barbara
Keen, Alan
Keen, Ann
Kemp, Mr. Fraser
Khan, rh Mr. Sadiq
Kidney, Mr. David
Killoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
MacNeil, Mr. Angus
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Marris, Rob
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGrady, Mr. Eddie
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
Meacher, rh Mr. Michael
Merron, Gillian
Michael, rh Alun
Miliband, rh David
Miller, Andrew
Moffat, Anne
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, rh Mr. Mike
O'Hara, Mr. Edward
Oliver, Mr. Bill
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Raynsford, rh Mr. Nick
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Lindsay
Ruane, Chris
Russell, Christine
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, rh Angela E. *(Basildon)*
Smith, Geraldine
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Twigg, Derek
Ussher, Kitty
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Weir, Mr. Mike
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wishart, Pete
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wyatt, Derek

Tellers for the Ayes:
Steve McCabe and Kerry McCarthy

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Ames, Mr. David
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Bottomley, Mr. Tim
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brooke, Annette
Browning, Angela
Bruce, rh Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David
Dorrell, rh Mr. Stephen
Dorries, Nadine
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Featherstone, Lynne
Field, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gray, Mr. James
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Hague, rh Mr. William
Hammond, Mr. Philip
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Holmes, Paul

Horwood, Martin
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Howell, John
Hughes, Simon
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jones, Mr. David
Kawczynski, Daniel
Kennedy, rh Mr. Charles
Knight, rh Mr. Greg
Kramer, Susan
Lamb, Norman
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Lewis, Dr. Julian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Luff, Peter
Maclean, rh David
Main, Anne
Maples, Mr. John
Mason, John
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Mulholland, Greg
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Öpik, Lembit
Paice, Mr. James
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Dan
Rosindell, Andrew
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Simmonds, Mark
Simpson, Mr. Keith
Smith, Chloe
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spink, Bob
Spring, Mr. Richard
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Taylor, Mr. Ian
Timpson, Mr. Edward
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Yeo, Mr. Tim
Younger-Ross, Richard

Tellers for the Noes:
Jeremy Wright and James Duddridge

Question accordingly agreed to.
Bill read the Third time and passed, with amendments.

Business without Debate

DELEGATED LEGISLATION

Ordered,

That the Social Security (Incapacity Benefit Work-focused Interviews) (Amendment) Regulations 2009 (S.I., 2009, No. 1541), dated 19 June 2009, be referred to a Delegated Legislation Committee.—*(Ms Butler.)*

ACCESS TO PARLIAMENT (UNITED KINGDOM MEMBERS OF THE EUROPEAN PARLIAMENT)

Motion made,

That the Resolutions of the House of 30 January 1989 relating to House of Commons Services and 6 December 1991 relating to Access (Former members and United Kingdom Members of the European Parliament) shall cease to have effect insofar as they relate to United Kingdom members of the European Parliament.—*(Ms Butler.)*

Hon. Members: Object.

REGIONAL SELECT COMMITTEE (WEST MIDLANDS)

Motion made,

That Dr Richard Taylor be a member of the West Midlands Regional Select Committee.—*(Ms Butler.)*

Hon. Members: Object.

REGIONAL SELECT COMMITTEE (YORKSHIRE AND THE HUMBER)

Motion made,

That Mary Creagh be discharged from the Yorkshire and the Humber Regional Select Committee and Mr Austin Mitchell be added.—*(Ms Butler.)*

Hon. Members: Object.

REGIONAL SELECT COMMITTEE (SOUTH WEST)

Motion made,

That Linda Gilroy be discharged from the South West Regional Select Committee and Roger Berry be added.—*(Ms Butler.)*

Hon. Members: Object.

Biofuels

Motion made, and Question proposed, That this House do now adjourn.—*(Ms Butler.)*

10.14 pm

Barry Gardiner (Brent, North) (Lab): There is a challenge facing the world, and it is to seal the deal on combating climate change at the UN conference on climate change meeting in Copenhagen in December. In its last report, the intergovernmental panel on climate change considered that the 2° C rise in temperature that marks dangerous climate change would be triggered by a CO_2 emissions concentration level of 450 parts per million. Many of us now believe that figure to be hopelessly optimistic, and consider a concentration level of 380 ppm, or even 350 ppm, to be more in keeping with the latest science. However, for the purpose of this debate, I shall use the 450 ppm figure.

To stay within the target of 450 ppm, the world must curb its projected greenhouse gas emissions by 17 gigatonnes per annum by 2020. However, by 2050, the total emissions each year from the entire global population must be no more than 20 gigatonnes if we are to stabilise the climate within the 2° C dangerous climate margin. That is a huge mitigation challenge—a reduction of at least 47 gigatonnes from a business-as-usual scenario.

Globally, biofuels and biomass could play an important role in meeting those mitigation targets. Nationally, the UK renewable energy strategy, published earlier this year, has indicated that approximately 30 per cent. of the UK's renewable energy target could come from bioenergy for heat and power. That could rise to 50 per cent. if biofuel for transport is included.

The target is for 15 per cent. of our energy to come from renewables by 2020, which means that in the next decade we should see the UK growing 4.5 per cent. of its heat and power. In 2006, Peter Kendall, the president of the National Farmers Union, argued that British farmers were uniquely well placed to deliver the renewable transport fuel obligation in a sustainable manner, thanks to the widespread adoption of farm assurance schemes. He said:

> "Developed in a sustainable way, in the context of a wide-ranging strategy for alternative crops, biofuels offer society a win, win, solution."

Part of the win for farmers is the £47 million subsidy that the Government provide through the rural development programme, under which payments of 40 per cent. of the actual establishment costs of energy crops are made to encourage farmers to plant for energy. However, this is where farmers need to gauge relative reward: certainly, the high price of wheat, even from lower yields on poor-quality land, has not encouraged them to switch from traditional food crops as fast as the Government would have wished. That has prompted the Government to decide to increase the planting grants from 40 per cent. to 50 per cent. of actual establishment costs in England from 2010.

But subsidy is a two-edged sword. It should be used to tackle market failure; it should not be used as market manipulation for the protection of domestic interests. Last year's report from the World Bank entitled "Biofuels: The Promise and the Risks" highlighted the effects of the support for biofuels among different Governments around the world. It stated:

> "Governments provide substantial support to biofuels so that they can compete with gasoline and conventional diesel. Such support includes consumption incentives (fuel tax reductions); production incentives (tax incentives, loan guarantees, and direct subsidy payments); and mandatory consumption requirements."

The report said that more than 200 support measures costing around $5.5 billion to $7.3 billion a year in the United States amount to 38 to 49 cents per litre of petroleum equivalent for ethanol. It added:

> "Even in Brazil, sustained government support through direct subsidies was required until recently to develop a competitive industry. Domestic producers in the European Union and the United States receive additional support through high import tariffs on ethanol.
>
> Biofuel production has pushed up feedstock prices. The clearest example is maize, whose price rose by over 60 percent. from 2005 to 2007, largely because of the US ethanol program combined with reduced stocks in major exporting countries."

Subsidy drives land use change, and the effects of that can be considerably more than tortilla riots in Mexico—as we have seen—and food price spikes on the world market. Land use change that replaces biodiversity with monoculture can do incalculable damage to the ecosystem, and is capable of turbo-charging climate change, ultimately resulting in greater greenhouse gas emissions rather than lesser.

Malaysia and Indonesia have seen a staggering loss of forest cover, which has been replaced by oil palm trees. Such monoculture plantations drive the loss of tropical forest biodiversity, which is not simply a problem for the orang-utans, around which such a notable campaign has been organised recently; it is a problem for the planet, as the planet loses all the ecosystem services that the forest provides, including carbon sequestration, climate regulation, soil stabilisation and watershed protection, as well as the habitat and provisioning services. When those are factored in, the price of biofuel may appear very high indeed.

The grain required to fill the tank of a Range Rover with ethanol is sufficient to feed one person in the developing world for an entire year. American ethanol from maize uses fossil fuel at every stage of its production process—from fertiliser production to tractor harvest, to processing and transportation to destination. It has been calculated that the growing of maize for ethanol uses 30 per cent. more energy than the finished fuel produces. It also leaves eroded soil and polluted waters in its wake.

Globally, the land cover under biofuel crops is projected to grow by 240 per cent. between 2005 and 2030. That has to be set against the rising demand for food crops as the planet's population rises from 6 billion towards 9.7 billion by 2050. That is not just 50 per cent. more mouths to feed, but 50 per cent. more carbon footprints at a time when rising living standards for developing countries are seeing rising demand for less efficient meat over cereals.

The Gallagher report, which the Government commissioned, confidently predicts that sufficient appropriate land will be available to meet both biofuel and agricultural food needs through to 2020. However, very openly, very honestly, the report also states that it has made no estimate of the likely conflicts over land use that may arise after that. I suggest to the Minister that this is an important piece of research that must be commissioned urgently. We must ensure that credible, robust and widely accepted sustainability standards are

put in place so that biofuel production does not lead to a net carbon debt and so that land of high agricultural, food and biodiversity value does not experience conversion to biofuel production. Only if such standards are established can biofuels and biomass play an important and positive role in the mitigation of greenhouse gas emissions and in avoiding dangerous climate change.

In the remainder of my speech, I shall set out key policy proposals and trust that in his reply my very good friend, the Minister—

Mr. Elliot Morley (Scunthorpe) (Lab): Will my hon. Friend give way?

Barry Gardiner: Of course.

Mr. Morley: First, I pay tribute to the work my hon. Friend has done through the global organisation, both on biodiversity and on biofuels. As he sets out his proposals, will he consider the following points? First, will he touch on the need for an assessment of the impact on diversity of some of those crops? That is very important.

Secondly, biofuels will never be a completely substitute for fossil-based fuels. Should there be some kind of targeting, such as that in the aviation sector for example, which has fewer options compared to the automobile sector? Thirdly, should not the subsidies be directed away from conventional crops, and their distortion of the market in the US, and more towards second-generation biofuels, in particular growing them on marginal land in developing countries?

Barry Gardiner: I am delighted; although my right hon. Friend intervened at some length, every word that he said was apposite. I am grateful for his intervention and his deep knowledge of the subject.

I trust that in his reply, my hon. Friend the Minister will be able to indicate three things for each of the policy proposals that I shall put forward. First, does he accept that the proposal is correct? Secondly, will he indicate whether it is already Government policy? Thirdly, where it is not, will he indicate whether he will endeavour to make it Government policy?

I turn to the proposals. First, the expansion of biofuel production should occur only where there is conclusive evidence of significant full life cycle CO_2 reductions relative to fossil fuel comparators. The Minister will realise that if the land under cultivation has a high stock of carbon in the soil, or if existing vegetation is removed to enable biofuel planting, there is a strong risk that carbon from the soil or pre-existing vegetation will be released into the atmosphere, offsetting any potential positive carbon reductions from the use of the biofuel product. Land where carbon stock cannot be compensated within a reasonable period by the greenhouse gas savings from use of the biofuel should not be converted to biofuel production.

In accordance with the EU renewable energy directive, the calculation of emissions of greenhouse gas from biofuel production, E_B, should account for all of the following: emissions from the extraction or cultivation of raw materials, including tillage, cultivation, the carbon costs of waste and leakage, and the production of chemicals or products used; annualised emissions from carbon stock changes caused by direct land use change; emissions from processing; and emissions from transport and distribution, as well as the emissions from the biofuel when used.

There should be subtracted from that any carbon capture and sequestration and/or excess electricity from co-generation, together with the proportion of emissions saved through co-products. Those emissions should be compared against a fossil fuel comparator—E_F—and the net saving, if any, calculated as

$$\frac{E_F - E_B}{E_F} \times 100\%$$

That will indicate an overall percentage greenhouse gas saving, and the biofuel in question should be considered sustainable only if the percentage saving is significant.

The second proposal is that the expansion of biofuels should not come at the expense of food security or of land of high biodiversity and conservation value. To achieve that, land use planning both in the UK and in developing nations should be promoted, so that account can be taken of the likely impact of land use changes upon food prices, particularly for local indigenous communities.

The third proposal is that the Government should work with stakeholders to create internationally recognised sustainability criteria that are credible, consistent and independently certifiable. Fourthly, trade regulations and barriers should be reviewed so as to promote certified biofuels as a means of reducing greenhouse gas emissions and promoting economic development. Biofuels classified as agricultural goods are subject to high and sometimes punitive duty when exported into the US or EU, as well as other major markets. That distorts the market, stifles economic growth in developing countries, and perversely rewards those producing fuels that contribute to greater carbon emissions. It must stop.

Finally, considerable investment is required into research and development of the next generation of biofuels to improve the quality of feedstocks, into research to reconcile anomalies between the end of waste directive and the environmental permitting regulations that govern the treatment of the biofuel manufactured from waste, and into research to develop soft cellulose-derived fuels and to improve the efficiency of conversion. That will require substantial investment. How much will the Government commit?

I am confident that my hon. Friend the Minister will agree privately with all five points in his own mind. If he can formally agree with all five in his speech, I shall think that the future for biofuels and the prospects for our avoiding dangerous climate change have come a little closer to being reconciled with feeding an expanding global population.

10.29 pm

The Parliamentary Under-Secretary of State for Energy and Climate Change (Mr. David Kidney): It is a pleasure to see you in your seat, Mr. Speaker. I congratulate my hon. Friend the Member for Brent, North (Barry Gardiner) on securing such an important debate and on making such an important contribution to the issue. Given his depth and breadth of knowledge of the subject, there is little that I can teach him; he has written the book on the subject, or, if he has not done so already, it is time that he did.

I shall respond to my hon. Friend's five points, but I regret that I shall not be responding on my feet in the kind of detail that he would like. However, I promise

[Mr. David Kidney]

to write to him on any points that he feels have not been covered by what I say now in response to his contribution.

I, like my hon. Friend, would like to make the point that land and our natural environment play a vital role in helping the UK to achieve its own goals of decarbonising its energy production and increasing its security of supply. The conversion of biomass through a range of technologies to produce renewable heat, power or transport biofuels can cut carbon emissions and provide a valuable contribution to our energy mix. However, land is not a boundless resource, and that was the entire point of my hon. Friend's argument. Issues such as rising populations and changes in lifestyles in the developed and developing worlds mean that the demands on space are greater than ever. In the agricultural sector, in particular, we see increased requirements for food, animal feed and energy production. Scientific evidence suggests that any changes in the way that land is used or managed can have direct and indirect environmental, economic and social impacts. Of course, that is the entire point of my hon. Friend's case.

Sustainability and land use considerations are therefore at the heart of the Government's policies and actions to build a competitive, low-carbon bioenergy sector. We intend to reduce greenhouse gas emissions without harming the environment. and, in doing so, we aim to maximise the benefits to biodiversity, farming and forestry, rural communities and employment.

I know that my hon. Friend is less focused tonight on the renewable energy strategy that the Government produced in July, but, as he said, the Government set out a comprehensive action plan for meeting the UK's target of 15 per cent. renewable energy by 2020. It is an ambitious but, I should say, legally binding target that was agreed at European Union level, requiring an almost sevenfold increase in current renewable energy levels. So my hon. Friend accurately pointed out that the production of heat, power and transport fuels from a range of biomass feedstocks can play a key role in meeting that target cost-effectively. Analysis indicates that about 30 per cent. of the UK renewable energy target could come from bioenergy for heat and power, and, as my hon. Friend said, that equates to 4.5 per cent. of the UK's overall energy needs in 2020.

I shall move on to the very important points that my hon. Friend has raised with me, but I just point out in pursuit of that renewable energy strategy the contribution made by the renewables obligation that already exists, the feed-in tariffs that will exist by April next year and a renewable heat incentive that will exist in the April beyond that. In addition, my hon. Friend mentioned the grants that are available for the installation of various types of biomass heat and power installations to help to develop a biomass supply change and infrastructure.

Before I move on to the thrust of my hon. Friend's contribution, I want to mention the good work that he did as a Minister, when he launched the Forestry Commission's wood fuel strategy in March 2007. In doing so, I want also to praise the work of my noble Friend Lord Clark of Windermere, who has been the commission's chairman for the past eight years. He tells me that he is to stand down at the end of this year, and I should like to put on the record already my appreciation of his wisdom and enthusiasm and the way in which he has led the Forestry Commission and made it so much more relevant to the kind of debate that we are having tonight.

The Government are taking forward several measures to ensure that increases in biomass production in this country are sustainable. That is why, in April this year, we introduced mandatory sustainable reporting on biomass under the renewables obligation, for example. We are very aware of concerns that energy crops will compete for land used for food production, so we are already, as my hon. Friend asked me to confirm, encouraging and contributing to research on the social, economic, environmental and land use effects of biomass for heat and electricity. For example, results will shortly be available from Government-funded research identifying idle and marginal land for energy crop production and developing solutions for growing crops so that their potential benefits to soil carbon and biodiversity are realised. That is the kind of work that my hon. Friend wants to encourage not only in this country but around the world.

Lynne Jones (Birmingham, Selly Oak) (Lab): Much of this debate has focused on the finite land resources of the planet, but I would like to raise one point that has not been made—the huge waste of land resources that results from the waste of food production because we throw so much food away. It is thought that almost 50 per cent. of our food is wasted. If we dealt with that, it would release more land resources for more productive and more climate change-friendly uses.

Mr. Kidney: I thank my hon. Friend for her contribution; I can only say, "Hear, hear." She is right to say that the produce of that land, in terms of food, should not be wasted. There is a similar argument about not wasting our energy resources. Tonight, however, I am going to try to deal with the issues that my hon. Friend the Member for Brent, North raised about the sustainability criteria for the use of land.

Let me turn to international sustainability criteria. Biomass is a global commodity, and as supply is set to expand across the world, we clearly need to act internationally to ensure sustainability. The UK Government are actively working at European and global level to develop efficient and effective sustainability criteria for bioenergy. The Government believe that mandatory sustainability criteria for large- scale users and suppliers of biomass are essential. That is a tick for another of my hon. Friend's questions. At the end of the year, the European Commission is due to report on the need for sustainability criteria for the solid biomass used for energy generation in the EU and to bring forward proposals as appropriate. The Global Bioenergy Partnership project to develop an international approach to sustainability is due to finalise its criteria and indicators for bioenergy in 2010. Given the close interest that my hon. Friend shows in these issues, he is probably aware that that project is chaired by the UK.

Recent growth in global biofuel production has generated much debate about land use change and the impact that that can have on food availability and prices, as well as other social and environmental outcomes, as my hon. Friend vividly set out. The renewable energy directive does indeed contain an ambitious target for the UK to

source 10 per cent. of our transport energy from renewable sources by 2020. I heard what he said about the urgent need for a greater research base for the years 2020. Biofuels, as a readily deployable renewable transport technology available on a large commercial scale, are expected to provide the major contribution to meeting the target. If produced sustainably, biofuels have the potential to offer considerable carbon savings compared with traditional fossil fuels.

However, the Government recognise that we need to do more to ensure sustainability with regard to the indirect effects on the environment. Our challenge is to support and promote the "good" biofuels—those that do not cause environmental or social damage. The UK is already at the forefront of the debate on sustainable, cost-effective biofuels. We are one of the first to establish a reporting system for the sustainability of our biofuels, and we are pursuing an ambitious research strategy based on the best available science, which will inform our policy on all levels. The Government are supporting the development of sustainable advanced—or next generation—biofuel technologies, which my right hon. Friend the Member for Scunthorpe (Mr. Morley) asked about, and which can produce fuels from a wide range of biomass feedstocks, including crop residues and biodegradable wastes, and from ligno-cellulosic processes.

The Government are also active internationally, and the UK has been instrumental in ensuring that the renewable energy directive contains mandatory sustainability criteria for biofuels, including delivering greenhouse gas savings of at least 35 per cent. and making it a condition that they must not be sourced from areas of high biodiversity or from high-carbon soils such as rainforests or wetlands.

Mr. Morley: I welcome what my hon. Friend is saying about the Government's sustainability criteria, and indeed they have done an awful lot in relation to such things as forestry standards. However, he raised the matter of certified biofuels. Can he tell me whether there is any progress on that in European discussions or in Government thinking on standards?

Mr. Kidney: All that I have said about the research and discussion to develop the policy in the European Union leads to the conclusion that that is needed, but we are not at the stage of concluding that work. I strongly agree that it is necessary, but I cannot say tonight that we have reached that position yet. We aim to do so.

The criteria do not currently cover the indirect effects of biofuel production such as the indirect land use change that my hon. Friend the Member for Brent, North pointed to as being so crucial to our deliberations. Those effects relate to new biofuel crops that displace existing agricultural production into areas of rainforest and high biodiversity, for example. We agree that the European Commission needs to produce a report on indirect land use change in 2010, and the UK will be focusing its research efforts on trying to find a workable methodology for accounting for the indirect impacts of biofuels under the renewable energy directive.

Mr. Robert Goodwill (Scarborough and Whitby) (Con): Does the Minister believe that his sustainability criteria would bear scrutiny by the World Trade Organisation, which has so far failed to recognise such considerations when examining barriers to trade?

Mr. Kidney: I was just coming to some of the five questions that my hon. Friend the Member for Brent, North asked me about policies, and this matter was one of them—it was No. 4. That is a tricky question to answer, which is why my hon. Friend raised it. It will require difficult and, I suspect, long-lasting discussions in the WTO to bring the work on sustainability that we are discussing tonight into the trade environment. I commit to my hon. Friend that I will investigate how best to move forward with that work and bring the matter into that discussion forum, but I cannot say tonight what the WTO's response will be. It is, after all, a member organisation with many member Governments around the world.

I have just one of my hon. Friend's points left to respond to, which was about investment in research. I have said a lot about the research that we are doing, so I hope he will agree that the Government are committed to doing the appropriate research. However, when he asks how much the Government will commit and whether I can give him the figure tonight, he is being a little ambitious. That is definitely one of the points about which I will write to him.

Decarbonising energy supply and use is at the heart of the Government's efforts to tackle climate change. We have put in place a clear strategy and an action plan to deliver significant increases in the production of renewable energy in the UK, and we expect sustainable biomass-based energy and fuels to play an important part in achieving our goals. Ensuring sustainability is key to the development of a viable bioenergy sector, and the Government will continue to focus on optimising our land-based resources to deliver food, feed and energy in a way that meets environmental, social and economic objectives.

Question put and agreed to.

10.43 pm

House adjourned.

House of Commons

Wednesday 14 October 2009

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

BUSINESS BEFORE QUESTIONS

CITY OF WESTMINSTER BILL [*LORDS*]

Motion made,

That so much of the Lords Message [12 October] as relates to the City of Westminster Bill [*Lords*] be now considered.

That this House concurs with the Lords in their Resolution.—*(The Second Deputy Chairman of Ways and Means.)*

Hon. Members: Object.

To be considered on Tuesday 20 October.

Oral Answers to Questions

SCOTLAND

The Secretary of State was asked—

Torpedo Testing

1. **Mr. Charles Kennedy** (Ross, Skye and Lochaber) (LD): When he next plans to visit the torpedo testing range at the inner sound of Raasay. [292278]

The Secretary of State for Scotland (Mr. Jim Murphy): There are eight test and evaluation ranges in Scotland. Last month, I visited the firing range in the Uists. I have no current plans to visit the maritime range in the inner sound of Raasay.

Mr. Kennedy: I thank the Secretary of State for that reply. He is obviously aware of the concern about the future consultation planned on the maintenance of the Rona torpedo and submarine facilities, which have played such a huge role since the days of the Heath Government in underpinning that part of the Kyle and Applecross peninsula and Skye economy. Will he give us an assurance that what happened in the Western Isles will be repeated when any consultation process kicks in and that ministerial visits, as well as full consultation with all elected levels for these areas, will be the order of the day?

Mr. Murphy: I know that the right hon. Gentleman is assiduous in raising this issue in the House and elsewhere, and I am certain that he will continue to do so. He is right to say that a consultation process in the Western Isles led to a rejection of the initial proposals. I can reassure him that our proposals for the Kyle of Lochalsh are at a very early stage. If any changes in the configuration at Kyle of Lochalsh were proposed, there would be an open consultation and all interested parties would be involved. I am absolutely certain that the right hon. Gentleman would be foremost among those interested parties, so I look forward to continuing our conversation.

Mr. Ian Davidson (Glasgow, South-West) (Lab/Co-op): Given that these torpedoes are being tested for the Royal Navy, does the Minister agree that if Scotland withdraws from it, there would be no need to have a torpedo testing range in Scotland?

Mr. Murphy: In the world we live in, it is a fact that we need these weapons and that they have to be tested safely. It is in the nature of the modern world that, sadly, we need these sorts of ranges. The fact is that the only real threat to defence jobs in Scotland would be Scotland breaking away from the rest of Britain. *[Interruption.]* If Scotland left Britain, thousands of British jobs would leave Scotland, including the Western Isles, and that also means shipbuilding jobs on the Clyde and across the whole of Scotland. That also includes RAF bases—*[Interruption.]*

Mr. Speaker: Order. The group leader of the Scottish National party must behave with due decorum in the Chamber—certainly if he wishes to be called.

Mr. Murphy: Thank you for that intervention, Mr. Speaker.

The leader of the SNP in the UK Parliament must be the only MP in it who is campaigning for fewer jobs in his constituency. His unilateralist position would lead to the loss of hundreds of RAF jobs in his very own constituency.

Mr. Angus MacNeil (Na h-Eileanan an Iar) (SNP): The Secretary of State's announcement, on behalf of the Ministry of Defence, about the Uists was very welcome. Does he know why, since his visit, there has been renewed speculation in the press about jobs there?

Mr. Murphy: I am delighted to hear the hon. Gentleman's belated interest in this issue. Of course, the initial plans have now been abandoned. There is no plan B whatsoever. Concern has been expressed by some workers, which is why I am delighted that the management and the unions are meeting a little later this week. We are very clear that the initial proposals were abandoned, that there is no plan B and that the jobs will stay. I repeat that it is very clear that the only danger to jobs on the firing ranges in the Uists in the Western Isles will come if the hon. Gentleman has his way and Scotland leaves the United Kingdom.

Mrs. Anne McGuire (Stirling) (Lab): I congratulate the Secretary of State on the work he did to safeguard the base on the Western Isles. May I ask how important the strong community and local authority involvement was in the discussions that he and colleagues in the Ministry of Defence had?

Mr. Murphy: I thank my right hon. Friend for her comments. It is important to put on record the excellent work of council leader Angus Campbell and others such as Donald John Macsween who did such a remarkable job in the Western Isles. The fact is that it was a community effort and a persuasive case was made. Ultimately, the Ministry of Defence would have made

savings, but the costs to the fragile economy in the Western Isles would have been so dramatic that the UK Government took the view that we should not progress with the proposals.

Mr. Ben Wallace (Lancaster and Wyre) (Con): Despite the Secretary of State's comments about the ranges, they need modernising if they are to keep pace with the next generation of weapons systems, without which our forces will not get the weapons they need to do the jobs we send them on. Will the Secretary of State give a commitment today that his Department and the Ministry of Defence will continue to invest in those ranges while at the same time doing all they can to protect local jobs in that area? Will he also agree with me that—

Mr. Speaker: Order. I apologise for interrupting the hon. Gentleman, but I must establish the precedent once and for all that we have one question, and not more than one question.

Mr. Murphy: On that basis, Mr. Speaker, I shall try to give one answer.

The hon. Gentleman has made the fair point that now that the ranges have been established and secured, they must diversify. It is important that they try to attract additional business, particularly from our NATO allies. But the economy of the Western Isles, especially on the Uists, cannot rely solely on MOD ranges in the long term; there must be more diversity, and renewable energy opportunities in particular must be taken up.

Oil and Gas Fields

2. **Sir Robert Smith** (West Aberdeenshire and Kincardine) (LD): What recent discussions he has had with the Secretary of State for Energy and Climate Change on the effects of investment in offshore oil and gas fields on levels of employment in Scotland. [292279]

The Secretary of State for Scotland (Mr. Jim Murphy): I have regular discussions with the Secretary of State for Energy and Climate Change about the North sea oil and gas industry.

Sir Robert Smith: I hope that, during those discussions, the Secretary of State will begin to realise how important it is for the Government to get their strategy right now, given the thousands of jobs that depend on the North sea oil and gas industry. The pipelines and platforms are ageing. If they do not benefit from new investment soon they will be decommissioned, and we will miss out on the thousands of jobs still to come. Will the Secretary of State emphasise to the Treasury that while the car industry and the banks receive rescue packages, it is vital for the right tax regime to be established for the North sea to encourage the maximum investment to protect those future jobs and our security of supply?

Mr. Murphy: The hon. Gentleman makes an important point. The new field allowance announced in the Budget was welcomed by the chief executive of Oil and Gas UK. Those Budget measures will help to unlock about 2 billion barrels of oil in the North sea. There are, of course, additional opportunities, particularly in and around the area west of Shetland, which constitutes a remarkable untapped resource in particularly inhospitable terrain. We always keep the fiscal regime in mind, and continue to keep fiscal measures under review.

Miss Anne Begg (Aberdeen, South) (Lab): Given all the emphasis on climate change, it is not surprising that renewable energy receives a great deal of publicity, but will my right hon. Friend ensure that we do not forget about the oil and gas industry offshore, which will be needed in the short to medium term—if not, indeed, the long term—to fill the energy gap that would otherwise exist? It is important not just to the economy of north-east Scotland but to that of the whole United Kingdom, because there are jobs in the industry throughout the UK.

Mr. Murphy: My hon. Friend raises the importance of the North sea oil and gas industry with me probably every week. About 20 billion barrel-of-oil equivalents are still untapped in the North sea, and we will do what we can to help the industry to exploit that resource. The fact is, however, that while oil and gas will be with us for the foreseeable future, we will have to make the transition to renewable energy. Oil and gas are a temporary source of energy, and Scotland's energy and economic needs are permanent. That is why we must get the balance right between fossil fuel and renewables, and we will continue to do so.

John Thurso (Caithness, Sutherland and Easter Ross) (LD): Does the Secretary of State agree that one of the major opportunities for companies that are currently engaged sub-sea in oil and gas is to work sub-sea on tidal and offshore wind? Does he share my disappointment that the Crown Estate has yet again delayed its announcement of licences to February, and what can he do to encourage it to be more expeditious?

Mr. Murphy: I had the privilege of being in the hon. Gentleman's constituency during the summer recess, and he made those very points then. On the same day I visited an offshore wind turbine in the Beatrice field in the North sea, which represents a remarkable feat of modern manufacturing and ingenuity.

It may be helpful if I confirm to the hon. Gentleman again that I am happy to facilitate meetings with him and the Crown Estate to discuss the issue, so that we can unblock it once and for all.

Mr. Brian H. Donohoe (Central Ayrshire) (Lab): Can my right hon. Friend give any idea of the stage that the new licensing has reached? At one time there was drilling in the Clyde estuary. Is there any update on that? It would bring a number of jobs to the Ayrshire area. Will my right hon. Friend take the opportunity of congratulating all agencies in Ayrshire—

Mr. Speaker: Order. I think we have had one question, and we will stick at that.

Mr. Murphy: I am not able to update my hon. Friend today on the number of licences, although the Department of Energy and Climate Change has engaged in a rigorous process in that regard. However, my hon. Friend is absolutely right: this is a jobs boon not just for the North sea, Aberdeen and surrounding areas, but for the whole of Scotland. Almost 200,000 jobs in Scotland rely on related industries in oil and gas.

Devolution Settlement

3. **Sir Nicholas Winterton** (Macclesfield) (Con): What recent discussions he has had with the First Minister on the relationship between the Scottish Executive and the UK Government under the devolution settlement. [292280]

The Secretary of State for Scotland (Mr. Jim Murphy): I met the First Minister most recently on 16 September.

Sir Nicholas Winterton: The saga of confusion and miscommunication over Lockerbie has demonstrated that Scotland needs to put more thought into how its Executive decisions play out in the eyes of other Governments. What procedural steps will the Secretary of State and his Government put in place to prevent such public embarrassment in the future?

Mr. Murphy: During the year that I have been Secretary of State I have tried to strike a different tone in Scottish politics. The public expect politicians to agree where possible; I have tried to uphold that and I will continue to do so despite invitations to the contrary. Of course the Lockerbie and al-Megrahi issue was badly handled. The decision to visit al-Megrahi in prison was a mistake, but ultimately it was a mistake that the Scottish Government were entitled to make. It is a decision that is entirely, 100 per cent., their responsibility; they have the constitutional responsibility to take that decision.

Gordon Banks (Ochil and South Perthshire) (Lab): It is obviously beneficial for the First Minister and my right hon. Friend to have discussions, but does my right hon. Friend think there is any mileage in some of these discussions being held in public?

Mr. Murphy: I have asked the First Minister to have a public debate with me. The First Minister is, of course, not everyone's idea of an athlete, but he has certainly tried to run away from these debates in Scotland in recent weeks. I do not know if he can run, but I do know that he cannot hide and that this debate will have to take place at some point over the next few weeks.

Angus Robertson (Moray) (SNP): What discussions has the Secretary of State had about the higher Scottish Parliament standards of transparency in respect of allowances and expenses? Does he agree that it would be an act of leadership and transparency for all Westminster MPs to publish their Legg recommendations, including himself?

Mr. Murphy: It is of course important that we change the system of expenses in the House of Commons. The Prime Minister has been very clear about that, and he is now in the process of doing it. As the Prime Minister has also made clear, there is a process that we are now going through. If Legg has requested that repayments be made, whether to comply is up to individual Members, but that is certainly the inclination of the majority of Members of this House.

Mr. Jim Hood (Lanark and Hamilton, East) (Lab): May I draw my right hon. Friend's attention to the *Hansard* for 16 July? In answer to a question from my hon. Friend the Member for Thurrock (Andrew Mackinlay) as to when he would be given an opportunity to vote for a Scottish Grand Committee to be held, the Leader of the House answered that

"there needs to be an opportunity for the Scottish Grand Committee to meet, and I will look for an opportunity."—[*Official Report*, 16 July 2009; Vol. 496, c. 457.]

The best way to have a live debate that includes those who are running away from it is to invite them all to the Scottish Grand Committee to have that debate.

Mr. Murphy: I am stumped for an answer. Because of the many solutions for dealing with the remarkable economic crisis that Scotland and the United Kingdom faces, I am not yet convinced that a meeting of the Scottish Grand Committee is the silver bullet. My hon. Friend the Member for Lanark and Hamilton, East (Mr. Hood) will continue to make the case, however, and if that meeting does take place, I can think of no better Chair of the proceedings than him.

Mr. Alistair Carmichael (Orkney and Shetland) (LD): Rather than reconvening the Scottish Grand Committee, may I suggest that the Secretary of State's time might be better spent in giving his attention to the report of the Calman commission? There is growing impatience that months after that report was published, there is still a lack of progress on it. Scotland looks to the Government to deliver on Calman come the Queen's Speech, and if they do not do so, they will pay a heavy price.

Mr. Murphy: I am delighted that the hon. Gentleman and myself, as well as others, had the opportunity to meet over the summer recess to discuss the important proposals in respect of Calman. We simply believe that Scotland is bigger and stronger because it is part of the United Kingdom, but the devolution settlement does have to be modernised. The Calman commission proposals are substantial. I want to maintain consensus and momentum, and we will respond before the end of this year on details of the Calman proposals.

Jim Sheridan (Paisley and Renfrewshire, North) (Lab): During my right hon. Friend's discussions with the First Minister, will he ask him to reconsider his party's decision to abandon the investment in the Glasgow airport rail link, as that would be seriously damaging for the people of Glasgow and the west of Scotland in terms of tourism and employment?

Mr. Murphy: It is clear that that is a real blow to the city of Glasgow, but that city has never given up on itself and, regardless of the Scottish Government's decision, it will not do so now. I will be meeting the leader of Glasgow city council later this afternoon, when I will go with him to the Olympic site. I will have the opportunity to discuss these very issues with him then.

David Mundell (Dumfriesshire, Clydesdale and Tweeddale) (Con): Perhaps the Secretary of State can tell us what role he actually played in the deliberations on the Megrahi case within the Government. He surely had an obligation to ensure that both Scotland's interests and the devolution settlement were fully understood. Currently, our only source of information is Channel 4, whose website says, rather bluntly:

"There has been a lively discussion behind the scenes in government about whether to attack the SNP... I hear that the Scottish Secretary Jim Murphy in particular has been champing at the bit to go for the SNP administration but has been reined in by the PM and others."

Mr. Speaker: Order. Before the Secretary of State replies, may I remind the Chamber that far too many private conversations are taking place? That is very unfair on the Member asking the question and on the Minister answering it.

Mr. Murphy: The Foreign Secretary made a statement yesterday and I have nothing further to add to it. I was here for his statement—not all hon. Members were.

David Mundell: I do not regard that as an answer. Given the Secretary of State's self-proclaimed role as filter between the UK Government and the Scottish Government, can he tell the House why the UK Government refused to give the Scottish Justice Secretary, Mr. MacAskill, the facts and representations that he says he requested when making his decision to release Mr. al-Megrahi on compassionate grounds? Conservative Members do not believe that that decision could have been made on any reasonable basis. Perhaps the Secretary of State regrets ensuring that Mr. MacAskill did not have every piece of information that he needed. *[Interruption.]*

Mr. Speaker: Order. There is still far too much noise. The public dislike it and, frankly, so do I.

Mr. Murphy: I have nothing further to add to what the Foreign Secretary offered in a very long and detailed statement yesterday. The fact is that this was 100 per cent. the responsibility of the Scottish Government—it was 100 per cent. their decision and their responsibility—and they made their decision on their merits. However, I think that the issue was very badly mishandled and those scenes in Tripoli were a national disgrace. The St. Andrew's flag was trailed out on to the tarmac to celebrate that man's return, that image will haunt Scotland across the world. Some damage was done to Scotland's reputation, although I do not wish to overstate it. It is now the responsibility of all of us to work together to rebuild Scotland's reputation across the world.

Electricity Transmission Network

4. **John Robertson** (Glasgow, North-West) (Lab): What recent assessment he has made of the adequacy of levels of funding for the electricity transmission network in Scotland; and if he will make a statement. [292281]

The Parliamentary Under-Secretary of State for Scotland (Ann McKechin): The regulation and funding of networks in the UK is a matter first and foremost for the Department of Energy and Climate Change and Ofgem. Delivering the necessary reinforcements by 2015 will require up to an estimated £4.7 billion of new investment onshore, in addition to current refurbishment and expansion plans requiring some £4 billion to £5 billion, which have already been approved by Ofgem.

John Robertson: I thank the Minister for her answer. She will be aware that £1.4 billion is required to upgrade the transmission system. In addition, new renewables and technology are coming on line. Is she confident that this target can be reached by 2015, given that the Beauly-Denny transmission link is still outstanding from 2000 and has been held up by the current Scottish Government?

Ann McKechin: I thank my hon. Friend for his question and for his long-standing interest in energy issues for the benefit of Scotland. He is right to say that the decision on the Beauly-Denny line is still to be made. That is a responsibility of the Scottish Government, but I hope and expect that a decision will be made this year. The time for dithering is over; it is time for real decisions. That is why Ofgem has already approved £43 million of pre-construction contracts, as part of the £4.7 billion investment, and is working seriously with the industry to ensure that we have the right environment to encourage that investment.

Willie Rennie (Dunfermline and West Fife) (LD): Has the Minister had discussions with the Energy Secretary about the punitive charging regime for the construction—the upgrade—during that period of the Scottish-English interconnector? I ask that because there is great concern that the regime will be punitive for Scottish generators.

Ann McKechin: I can confirm to the hon. Gentleman that I have had discussions with the Energy Minister regarding transmission charging in Scotland. We do not believe that the transmission charging regime in any way discriminates against Scotland. I welcome the fact that Scottish Power has recently announced proposals for up to five new wind farms in Scotland—that is a good indication that a lot of people want to invest in Scotland. We are reviewing transmission access, as the hon. Gentleman is aware, and we want to ensure that renewable energy gets the proper priority that it deserves.

Ms Katy Clark (North Ayrshire and Arran) (Lab): The Minister will be aware that there is a proposal for a new coal power station at Hunterston. Will that be allowed to go ahead without carbon capture being in place?

Ann McKechin: I can confirm that any new plant will be required to incorporate carbon capture. As my hon. Friend will be aware, any planning consents in relation to new power plants in Scotland are a matter for the Scottish Government.

Roma Children

5. **Mr. Anthony Steen** (Totnes) (Con): What information he holds on the number of Roma children from other EU member states who attend school in Scotland. [292282]

The Parliamentary Under-Secretary of State for Scotland (Ann McKechin): The UK Government do not hold information on the number of Roma children in Scottish schools. The pupil census in Scotland is a devolved matter for the Scottish Government.

Mr. Steen: Wilberforce banished slavery 200 years ago. We have new slavery now both in Scotland and in England. We have thousands of eastern European children on the streets involved in criminal activity organised by trafficking gangs. They do not go to school. What are the Secretary of State and his counterparts doing to rid our streets of this Fagin-like situation? It is quite disgraceful and it needs to be dealt with.

Ann McKechin: The hon. Gentleman has a proud track record in campaigning on this serious issue. I welcome his concern today. Many of these matters are devolved to Scotland, but I can confirm that the UK Government and the Scottish Government are working

closely together to tackle the problem. That is one reason why we ratified the Council of Europe convention on action against trafficking in human beings last year and why we have set up a national centre for trafficking in Sheffield, with which the Scottish authorities—including the police—are fully co-operating. They are providing us with important intelligence so that we can track these criminal networks across the whole of the UK.

Barnett Formula

6. **Mr. Peter Bone** (Wellingborough) (Con): What his most recent assessment is of the effectiveness of the Barnett formula in allocating funding to Scotland. [292283]

The Secretary of State for Scotland (Mr. Jim Murphy): The Barnett formula is simple, efficient and effective. It means that every £1 extra public expenditure per person in England is matched exactly for each man, woman and child elsewhere in the United Kingdom.

Mr. Bone: I thank the Secretary of State for that answer, but does he agree with what Lord Barnett has said? He said:

"I do not consider it is successful. I do not think it is fair".

If Lord Barnett thinks that, why do not the Government think that?

Mr. Murphy: We have considered this very carefully. Recently, the Calman commission—an independent expert group—considered it and said very clearly that the formula is

"a pragmatic solution to the funding question and is most credible"

to operate. We have no plans to change the Barnett formula; I know that many of those who sit on the Conservative Benches do. That is one reason why so many people in Scotland distrust the modern Conservative party.

Lindsay Roy (Glenrothes) (Lab): May I ask my right hon. Friend by how much the block grant for Scotland will increase in 2010-11?

Mr. Murphy: The Scottish Government will have more money next year than they have this year. That is a remarkable benefit of the economics of the United Kingdom. The fact is that the SNP Scottish Government today have double the budget that Donald Dewar had when he was First Minister. However, the SNP Scottish Government will have to tighten their belt and make some savings in the same way as every family and company in Scotland is doing.

Broadband (Highlands)

7. **Danny Alexander** (Inverness, Nairn, Badenoch and Strathspey) (LD): What recent discussions he has had with Scottish Executive Ministers on the provision of next-generation broadband in the Highlands. [292284]

The Parliamentary Under-Secretary of State for Scotland (Ann McKechin): My right hon. Friend has regular discussions with Scottish Ministers about the economy and industrial policy.

Danny Alexander: I am grateful to the Minister for that answer. She will know from the recent Highlands and Islands Enterprise report that access to broadband technology in the highlands lags far behind that in the rest of the country. If we were to get the next generation of broadband in the highlands, that would make more difference to our area than to almost anywhere else in the country. Will the Minister use the power of her office and her Department to support local moves to ensure that the highlands, which the "Digital Britain" report relegated to the final third when it came to access to next-generation broadband, can be first in line instead?

Ann McKechin: I very much hope that the hon. Gentleman will fully support the proposal contained in the "Digital Britain" White Paper to establish a tax levy of 50p per month on fixed landlines so that we can create next-generation funding for exactly that one-third of the network that we believe requires additional investment and incentive. We want to ensure that there is no digital divide anywhere in the UK.

Copenhagen Summit

8. **Jo Swinson** (East Dunbartonshire) (LD): What recent discussions he has had with the Secretary of State for Energy and Climate Change on the representation of Scottish interests at the forthcoming Copenhagen summit on climate change. [292285]

The Secretary of State for Scotland (Mr. Jim Murphy): The Copenhagen summit provides the opportunity for a vital step forward in securing a binding global agreement on climate change action. The Prime Minister has confirmed that he will be attending the Copenhagen summit.

Jo Swinson: I thank the Secretary of State for that reply. Scotland has much to contribute to tackling climate change, as it has a strong renewables record and an ambitious target of reducing carbon emissions by 42 per cent. by 2020. Can the right hon. Gentleman not put party politics aside and accept that Scottish Ministers should also be part of the UK delegation to Copenhagen?

Mr. Murphy: We have put party politics aside, and the SNP Scottish Government will be treated in exactly the same way that their Labour predecessors were treated. The best way to get Scotland's climate change interests represented at Copenhagen is through the attendance of my right hon. Friend the Prime Minister of the United Kingdom. As far as I am concerned—and the same goes for the majority of Members of this House, and of people across Scotland—the UK will, of course and for the foreseeable future, include Scotland as an equal, full and strong part.

PRIME MINISTER

The Prime Minister was asked—

Engagements

1. [292263] **Ann Winterton** (Congleton) (Con): If he will list his official engagements for Wednesday 14 October.

The Prime Minister (Mr. Gordon Brown): Before listing my engagements, and on behalf of all parts of this House and the leaders of all political parties, it is right that we should pause to pay our full respects to the members of our armed forces who have given their lives on behalf of our country in Afghanistan.

This is a solemn moment for this House and our country. It is the day on which we put on record in the House of Commons our gratitude and our commemoration of the sacrifice made by 37 of our armed forces serving our country in Afghanistan: from the Royal Marines, Sergeant Lee Houltram; from the Light Dragoons, Trooper Phillip Lawrence; from 2nd Royal Tank Regiment, Trooper Brett Hall; from 5th Regiment Royal Artillery, Warrant Officer Sean Upton; from 40th Regiment Royal Artillery, Lance Bombardier Matt Hatton and Bombardier Craig Hopson; from 1st Battalion Grenadier Guards, Guardsman Jamie Janes; from 1st Battalion Coldstream Guards, Guardsman Chris King and Lance Corporal James Hill; from 3rd Battalion the Royal Regiment of Scotland, Private Kevin Elliot and Sergeant Gus Millar; from 2nd Battalion the Duke of Lancaster's Regiment, Kingsman Jason Dunne-Bridgeman; from 2nd Battalion the Royal Regiment of Fusiliers, Fusilier Simon Annis, Fusilier Shaun Bush, Fusilier Louis Carter, Lance Corporal James Fullarton, Corporal Joseph Etchells and Sergeant Simon Valentine; from 3rd Battalion the Yorkshire Regiment, Private John Young; from 2nd Battalion the Mercian Regiment, Private Gavin Elliot, Private Jason Williams and Acting Sergeant Mike Lockett MC; from 2nd Battalion the Royal Welsh, Private Richard Hunt and Private James Prosser; from the Parachute Regiment, Private Kyle Adams, Lance Corporal Dale Hopkins, Corporal John Harrison and Corporal Kevin Mulligan; from 2nd Battalion the Rifles, Rifleman Aminiasi Toge, Rifleman Daniel Wild, Acting Sergeant Stuart McGrath, Sergeant Paul McAleese and Captain Mark Hale; from 11th Explosive Ordnance Disposal Regiment, Royal Logistics Corps, Captain Daniel Shepherd; from the Royal Electrical and Mechanical Engineers, Craftsman Anthony Lombardi and Lance Corporal Richie Brandon; and from 34 Squadron Royal Air Force Regiment Acting Corporal Marcin Wojtek.

Nothing can erase the pain for their families. Nothing can be greater than the pride that we take in their contribution to our country, and our sadness at their loss. I know that the thoughts and prayers of the whole House are with the families and friends of all these brave men. Their lives live on in the influence that they will have left behind on other people, and they will not be forgotten.

We should also pay tribute to all those who have been wounded and who face rehabilitation, and assure them that they will have our full support at all times.

This morning, I had meetings with ministerial colleagues and others, and I shall have further such meetings later today.

Ann Winterton: All Members will wish to associate themselves with the Prime Minister's expression of sympathy for the families and friends of those who have fallen in Afghanistan since the House last met for Prime Minister's questions.

When the Lisbon treaty comes into force, the European Council will become a formal institution of the European Union, and the United Kingdom will be a member of that institution. Will the Prime Minister confirm that he is bound by its rules, and is thus obliged to further the objectives of the European Union in preference to those of the United Kingdom?

The Prime Minister: I thank the hon. Lady for her tribute to those brave men who died in Afghanistan, and I hope that the message will go out today that all political parties—every Member of this House—want to send their sympathy and condolences to every family concerned.

We joined the European Union in the 1970s, and we hold by our obligations to the European Union, but that does not prevent us from representing the national sovereignty of this country.

2. [292264] **Dr. Tony Wright** (Cannock Chase) (Lab): May I ask my right hon. Friend what he thinks is more dangerous: politicians becoming generals, or generals becoming politicians?

The Prime Minister: I think that I know what my hon. Friend is thinking about. Let me put on record my thanks to the Chief of the General Staff, Richard Dannatt, for the work that he did for our country.

Mr. David Cameron (Witney) (Con): The list that the Prime Minister has read out of those who gave their lives over this summer in the service of this country is a very sombre reminder of the incredible sacrifices that the armed forces make on our behalf. Those 37 men have left parents, wives, partners, children, brothers and sisters. Those loved ones feel the loss not just today, or on the day when their loved one fell; they will feel it for the rest of their lives, as they think about the lives that could have been lived.

We must be clear about what has happened in our country. Two wars over eight years have seen thousands of people serve, hundreds killed and many more wounded, and whole communities affected, as they have celebrated the success of our armed forces but also mourned the losses. I know that the Prime Minister has looked at these issues before, but is it not now time for a more fundamental re-examination of every aspect of the military covenant, and everything that we do for those brave men and women and for their families, who wait for them at home?

The Prime Minister: Again, I am very pleased that the right hon. Gentleman associates himself, as I knew he would, with the commemoration of those people who have died during the course of the summer. It has been a particularly difficult summer for our armed forces, and also for the families of those members of our armed forces, with their worries about their loved ones who are serving in Afghanistan.

What we have tried to do over the past few months is make sure, first of all, that all military men and women on service in Afghanistan, and in any place around the world, are fully and properly equipped for the tasks that they have got to undertake. I am happy to share with the House, in a statement in a few minutes from now, the extra measures that we are taking to protect our troops in Afghanistan, particularly against electronic devices, which have been the cause of 80 per cent. of the deaths over the past few months.

I also want to assure the House—again, I am very happy to go into this in more detail in the statement on Afghanistan—that we stand by the military covenant with all military families in this country and all serving members and former members of our armed forces. That is why we published a White Paper only a few months ago looking at the range of services, from education and health to the possibility of jobs after members leave the armed forces and help that is given when people are on location in the different countries in which they serve. I believe that that White Paper is an indication—I think that it had all-party support—of the determination of all of us to stand by our military.

If there are further suggestions about what we could do, I am very happy to look at them. We have an in-service allowance. We have increased the facilities available to members' families for phone calls. We have done what we can to make sure that the pay of the armed forces rises faster than the pay of the rest of the community. We have done what we can at Selly Oak and Headley Court to make sure that we give the succour that we can to those people who have been injured. I believe that if we build on that record, we will be doing the right thing, but obviously I am happy to listen both to members of the other parties and to the Select Committees on what more we can do.

Mr. Cameron: The Prime Minister mentioned Selly Oak and Headley Court. What we do there is remarkable. There is no doubt about that, and because of the advances in battlefield medicine, many people who previously would have died of their wounds are surviving. That is obviously fortunate, though they have to live with those injuries for the rest of their lives. Soon the issue will become how we help them as they grow older. So-called recovery centres proposed by organisations such as Help for Heroes are excellent proposals. There are some concerns that the Government are a slightly slow-moving partner in this endeavour. Can the Prime Minister update us on what is being done to help more recovery centres get going?

The Prime Minister: Let me pay tribute to the medical facilities that are available both at Camp Bastion and in Britain. I have visited them myself, as I know other Members have. These are the most advanced medical facilities available to our troops and it is right that they are the best in the world. At Selly Oak, which I also visited recently, I saw the care that goes into helping those who are injured, many with very severe injuries indeed. When I visited Afghanistan a few weeks ago and then went to Selly Oak only a day or two afterwards, I saw how quickly treatment was given, as people had been moved with speed from Afghanistan back to Birmingham. I agree with the right hon. Gentleman about the work at Headley Court. We are anxious to continue to support that and are investing more in it.

With reference to members of the forces who retire or are not able to serve longer in the armed forces, I am concerned that compensation arrangements are satisfactory. That is why, after the recent court cases, the Secretary of State for Defence has set up a review headed by a former Chief of the Defence Staff to look at those issues of compensation. On future employment and some of the projects that have come forward to help armed forces—men and women—who are looking for alternative opportunities after they recover from their injuries, we are determined to do everything we can. I believe, and it is right to say, that there is all-party support for this extra work.

Mr. Cameron: As well as the physical injuries, there are of course the mental scars. It is estimated that after the Falklands war, more service personnel committed suicide than died in that conflict. We must not make the mistake that has been made in the past of brushing this under the carpet. In the United States veterans are contacted regularly, even decades after they have served. Does the Prime Minister agree that that should happen here as well?

The Prime Minister: As the right hon. Gentleman knows, we have a Minister nominated as the Veterans Minister. We try to keep in touch with all the veterans organisations. I met the Royal British Legion recently. In the White Paper, where we itemised the services available to soldiers, armed forces members and former armed forces members, we talked about the mental health services that are available for the future. We wanted to ensure that those people who are members of the armed forces and former members of the armed forces had priority in health service treatment. That was the purpose of the White Paper and the recommendations in it. Again, I believe there is all-party support for that.

Mr. Cameron: I hope the Prime Minister will look at that specific proposal as well.

We will discuss Afghanistan in a moment, but I want to ask the Prime Minister a specific question about the Territorial Army, an organisation that plays a vital role in our armed forces and has lost many people in Iraq and Afghanistan. I have had a specific case of a serving officer who is due to go to Afghanistan in October 2010. He has been told that of the training days that he should have between now and then, he will be paid for only half of them. Let us be clear about what is happening. Volunteers—they are volunteers, being asked possibly to lay down their life in the service of their country—are not getting the basic training that they need. Does the Prime Minister agree that this is totally unacceptable?

The Prime Minister: I shall look at everything the right hon. Gentleman says about the matter and I shall write to him about the individual case that he has raised. I can tell him also about what we have done in the Territorial Army, which has been celebrating its 100th anniversary. We have tried to make sure that the effort of the Territorial Army can be linked to the work that we are doing in Afghanistan, so we have given priority in the work of the Territorial Army to what it can do to help the effort in Afghanistan. I will write to the right hon. Gentleman with the details of what we are doing in that respect.

Mr. Cameron: The Prime Minister told us in an answer that he gave at the beginning of Prime Minister's questions that in his statement he will say that we must not send armed forces personnel into battle without the proper training. Two things appear to be happening. One is that basic training for all TA members is being cut. Also, I have the specific case of someone who knows that he is going to Afghanistan in October 2010 having his training cut. A conversation is going on between the Ministry of Defence and the Prime Minister.

I think they need to have a conversation after Prime Minister's questions in which he says that that is unacceptable and must stop.

The Prime Minister: The reason why the Defence Secretary was talking to me was to assure me that the Territorial Army work that is directed towards Afghanistan is properly resourced and will continue to be properly resourced. If the right hon. Gentleman has an individual case that he wishes to raise with me, or if any Member has, I shall look at it in detail, but our determination is that every member of our armed forces who is in or going to Afghanistan is both trained and equipped for the work that they undertake. The right hon. Gentleman will see from the statement that I make later this afternoon that we are doing everything in our power to make that happen. I hope that he will then look at the statements that are made by the Chief of the General Staff and the Chief of the Defence Staff, which will support exactly what I am saying.

Mrs. Madeleine Moon (Bridgend) (Lab): Last Saturday, I was joined by the Porthcawl Guides to celebrate 100 years of Guiding. A year's celebration is taking place throughout the world to celebrate that wonderful movement. Will the Prime Minister join me in sending congratulations to the Porthcawl Guides, to all Guides who have taken part in the movement over the past 100 years and to those men and women who have supported Guiding throughout that period?

The Prime Minister: I think that all parts of the House will want to congratulate the Guides on 100 years of service to our country, and congratulate those officers and leaders of the Guides who have done so much to encourage young people and young women, in particular, to make sure that they can make a very big contribution to the community. Our best wishes go to the Guides on their 100th anniversary.

Mr. Nick Clegg (Sheffield, Hallam) (LD): I should like to add my own expressions of sympathy and condolence to the families and friends of the 37 British servicemen who tragically lost their lives serving in Afghanistan over the past three months. We all owe them an immeasurable debt of gratitude for their bravery, their professionalism and their sacrifice. We also owe it to every single one of them to ask the difficult questions about what we are doing in Afghanistan. Are we doing the right things to succeed, as I strongly believe that we must?

Many people in the country today will be simply asking themselves why British soldiers are fighting and dying for a Government in Kabul who are deeply corrupt and have presided over widespread electoral fraud. I know that the Prime Minister is giving a statement later about troop numbers, but does he not owe it to those troops to say clearly where he stands on an Afghan Government whom he is asking British soldiers to defend?

The Prime Minister: I am grateful to the right hon. Gentleman for supporting the message of condolence and sympathy that we are sending to all the families of those who have been bereaved as a result of what has happened this summer, and I appreciate his direct comments on that.

On our presence in Afghanistan, let me say first—I shall talk about this in more detail later—that no one can be satisfied with what happened during the elections in Afghanistan. Every one of us has questions that have to be answered, not so much about the security that was attached to the election, because a huge amount of work by our troops and forces went into that, but about the amount of ballot rigging that appears to have taken place. Everybody knows that 1 million votes are being examined out of the 6 million or 7 million votes that happened, but they are the subject of the international commission's examination of the issues. So I hope that the right hon. Gentleman will wait until we have the final conclusion from the electoral commission and then accept that we will have to follow its verdict. I believe that the commission, which is half Afghan and half international, has looked at the issues in a great deal of detail, and I believe that it will report very soon.

But I have to say to the right hon. Gentleman that, facing an insurgency, it is remarkable that elections took place at all; and it is remarkable that 6,000 polling stations were open at all. That is a tribute to our forces and other forces making it possible for this infant Afghan democracy to hold an election, organised by itself, in the first place. We are there, and I tell him why we are there: we are there to protect the streets of Britain; we are there because al-Qaeda poses a threat to us as well as to other countries; and we are there because, if al-Qaeda took control again or had an influence in Afghanistan under a Taliban Government, the people of this country would not be safe.

Mr. Clegg: I am grateful to the Prime Minister for his reply, but we cannot live in denial about the total lack of legitimacy of the present Afghan Government. General McChrystal himself has said that the job of our troops is becoming more difficult because of corruption in Government. Hundreds of thousands of votes were given to President Karzai by block votes from a warlord accused of war crimes. So if President Karzai is declared the winner of this flawed election—can I be precise?—will the Prime Minister urge Karzai immediately to form a Government of national unity bringing in opponents from other political groups and other ethnic groups, because otherwise he will risk losing the support of the international community?

The Prime Minister: I am grateful for the right hon. Gentleman's comments, but the whole purpose of the commission that is looking at the conduct of elections is to eliminate those votes where there has been ballot-rigging or fraud. That is why it has taken so much time to examine these issues. I hope that he will wait until he sees the report of what the commission has done, what it recommends and what it proposes, whether it is for a second round or whether it has come to a conclusion about who is the winner.

As for President Karzai, and the future, I will also talk about this in a few minutes, but I talked to President Karzai yesterday. I also talked to Dr. Abdullah, who is the second candidate in the elections. I asked them for an assurance that they will sign a contract with us and the other allied powers about the elimination of corruption, the proper conduct of Government, the appointment of governors who can actually manage in the provinces, and the appointment of junior officials who can do that

as well. I also asked him, as I will report later, to support our forces with a proper number of Afghan forces working with them.

3. [292265] **Mr. Gordon Prentice** (Pendle) (Lab): Two years ago, we lost blue light accident and emergency services in Burnley and everything went to Blackburn, 25 miles away from where I live, at the furthest edge of the patch. People in Burnley and Pendle, members of all political parties and none, want accident and emergency back in Burnley. As a first step, will my friend commission an independent review by clinicians from outside the area with no axe to grind, which is what people want?

The Prime Minister: Of course I understand my hon. Friend's concerns and those of his constituents, and I will ask the Health Secretary to meet him to talk about these issues—but as he knows, the reconfiguration of national health services is a matter for the NHS locally. I understand that the review concluded in July and that it has been accepted by both primary care trusts and by East Lancashire Hospitals NHS Trust. I understand that a programme implementation board is in place, and that the board is confident that this will not undermine services locally. However, he will want to have that meeting with the Health Secretary and he can come back to me afterwards.

4. [292266] **Steve Webb** (Northavon) (LD): The Prime Minister will appreciate that falling mortgage rates are of no value to most pensioners, while falling savings rates are leaving them out of pocket. At the same time, the costs of the things that pensioners spend their money on, such as council tax, food and fuel, are rising rapidly. Does he accept, therefore, that a 2.5 per cent. pension rise in April will leave many pensioners out of pocket, and what is he planning to do about it?

The Prime Minister: First of all, in the light of what we knew was happening to interest rates—I hope that the hon. Gentleman will agree that it is important that interest rates are low, not high, at this stage—the Chancellor made proposals in the Budget to improve the individual savings account, and proposals for people to be able to invest more in that individual savings account tax free. At the same time, the hon. Gentleman knows that we have taken measures to ensure that the pension credit is available to 2 million pensioners and that the winter fuel allowance will be paid to pensioners in the next few weeks, with a higher rate for those who are over 80; and we are determined to do our best to ensure that, even in a low-inflation environment, the pension will rise by at least 2.5 per cent. So we are taking the measures that are necessary to ensure that pensioners are protected against a recession that is hitting every country, but in our country we have taken special measures to help the unemployed, home owners, and pensioners as well.

Mr. David Anderson (Blaydon) (Lab): Does the Prime Minister agree that the best way to resolve the Royal Mail dispute would be to get the parties around the negotiating table? If he does, will he tell Lords Young and Mandelson to start to concentrate on that and stop attacking the Communication Workers Union?

The Prime Minister: We want a settlement of this dispute, and we want to say that this dispute is not in the interests of anybody. I have to say that if Royal Mail starts to lose major contracts such as those of some of the major firms in this country, it will be difficult for it to regain those contracts over a short period of time. I know that Ministers are working actively to ensure that the parties—the management and the work force—are negotiating. I hope that they will do so, and I hope that this unnecessary strike can be prevented.

5. [292267] **Peter Bottomley** (Worthing, West) (Con): Carter-Ruck, experts in reputation management, are reported as saying that their original injunction gave them the power to prevent what was said in Parliament from being reported. No court should grant such an order and I intend to report the solicitors to the Law Society for asking for the injunction.

Will the Prime Minister see whether it is possible that any court that grants a secret injunction or emergency injunction should have a copy placed in the Library of the House of Commons and the Press Gallery, if necessary hiding the name of a child or details of grave national security?

Will the Prime Minister also ask whether any such emergency order can be reviewed the next working day at the Court of Appeal?

The Prime Minister: I am pleased that the hon. Gentleman has raised this issue, because I think it is important that I and the Justice Secretary can say something to him about the concerns that he has raised. This is an issue where an injunction has been awarded, but it has been awarded in the context that it has to remain secret and people are not told what the outcome is generally. The Justice Secretary has talked to the parties concerned and is looking into this issue. He will discuss the matter personally with the hon. Gentleman, and I hope that on the basis of what he suggests progress can be made not just in this case but more generally, to clear up what is an unfortunate area of the law.

Ms Katy Clark (North Ayrshire and Arran) (Lab): The Prime Minister will be aware that the Scottish National party Government have put a proposal for a coal power station at Hunterston in the planning framework in Scotland. Can he confirm that no such coal power station will be allowed to go ahead without carbon capture being in place?

The Prime Minister: I think my hon. Friend would agree that any new coal power station has got to be carbon capture-compliant. That is what we wish to ensure happens in every area of the country in the future. We are planning major investments in carbon capture and storage. I have talked to people throughout the country who wish to make those investments, and it is important that we go ahead on that basis in the future.

6. [292268] **Mark Williams** (Ceredigion) (LD): I know that the Prime Minister is aware of the extent of the affordable housing crisis across rural Britain and many of the innovative ways in which local authorities are trying to address the problem through section 106 agreements. Does he share the sense of bewilderment and anger of many of my constituents that despite the bail-out of the banks, many mortgage providers are still operating a very belligerent attitude, not giving sufficient mortgage offers to mortgagees and offering them incredibly high and unaffordable deposits, and would he—

Mr. Speaker: Order. The Prime Minister.

The Prime Minister: I do agree with a lot of what the hon. Gentleman said. Building societies and banks have an obligation under the agreements that they have signed with the Government to make available mortgage finance as well as small business finance, at affordable rates, to members of our community. However, I think he will also agree that we have put aside £1.5 billion to build another 20,000 extra affordable homes over the next period of time, for rent and for low-cost home ownership.

We are doing what we can as a Government to give local authorities more powers to build and to ensure that the private sector responds with offers such as shared purchases and shared equity, as well as the new public investment that we are making. We are doing what we can and will continue to pursue a policy that we hope over time will give everybody an affordable home in this country.

7. [292269] **Dr. Alasdair McDonnell** (Belfast, South) (SDLP): The Prime Minister will recall that some months ago I raised serious concerns with him about banks now fleecing small businesses to recover the moneys that they lost through foolish and reckless deals. Is he aware that things are getting worse in many cases? Indeed, the Halifax, which is part of the Lloyds group and was effectively nationalised, is one of the worst offenders. Credit has been withdrawn and refused, but worse still I have a note here that says that currently, small overdraft facilities are costing £13 a month, even for £2,000, and that is going to go up on 6 December—

Mr. Speaker: Order. I think that the Prime Minister has got the gist of it. The Prime Minister.

Dr. McDonnell: Can the Prime Minister—

Mr. Speaker: Order. I think the Prime Minister knows what the question is.

The Prime Minister: We have signed agreements about lending with these banks, and we are determined to impose them. Our evidence is that large companies are able to get money at the moment and that medium-sized companies are generally able to get money, but there are specific sectors in which it is very difficult. Small businesses need additional help, and that is what we are trying to make available through the Department for Business, Innovation and Skills.

I can also say that 200,000 companies have been able to get help with their cash flow through the measures that we introduced to help small businesses, and £4 billion has been deferred by the Treasury. That is a measure that we have taken, as we have helped home owners and the unemployed, but it depends on our being willing to spend money to take us out of recession. That is our decision, and that is our choice. It is unfortunate that it does not have all-party support in this House.

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): On behalf of my party and my hon. Friends in the Scottish National party, may I associate myself fully with the words of condolence and sympathy expressed by the Prime Minister?

On the military covenant, for some 12 months or so I have been trying to obtain information from the Government. Could the Prime Minister tell me now, please, how many ex-service personnel are currently in prison?

The Prime Minister: I do not have the exact figure and I will write to the hon. Gentleman on that specific matter, but more help is available now than ever before for people who leave the services, so that they avoid either being homeless or, alternatively, being without jobs or opportunities. If he reads the White Paper in which we put forward our proposals, he will see that more is happening than ever before to help those people. Of course, that has got to be improved over the years, and we will do so. I hesitate to say what the figure is at the moment, but I will write to him immediately after Question Time.

8. [292270] **Julie Morgan** (Cardiff, North) (Lab): The Prime Minister has been a great champion in the fight against child poverty and under this Government child poverty has fallen, but there are still far too many children living in poverty, and in Wales, too many children living in workless households. What further measures can he propose to bring down child poverty?

The Prime Minister: We are committed to eradicating child poverty in this country. We have taken half a million children out of poverty as a result of child tax credits, child benefit and other measures that we have taken. I hope that there is an all-party consensus on removing child poverty, but I have to say to the House that we cannot cut child poverty if we cut child tax credits, we cannot cut child poverty if we cut educational maintenance allowance, we cannot cut child poverty if we cut Sure Start, and we cannot cut child poverty if we deny young people the chance to get both the best education and the best opportunity for work.

9. [292271] **Mark Hunter** (Cheadle) (LD): The RAF has identified the need for three further aircraft to replace Nimrod R1 spy planes. New Nimrods, built in my constituency in Woodford, in which the Government have already invested £3.6 billion, are ideal for the task. Will the Prime Minister therefore explain why his Government have chosen instead to buy 40-year-old American aircraft and how that ties in with his commitment to British jobs for British workers?

The Prime Minister: I know that the hon. Gentleman is interested in future work for his constituents—that is why he is raising this question. I can tell him that we have not made a final decision on the next stage of orders and I will write to him when we do so.

Anne Moffat (East Lothian) (Lab): Does my right hon. Friend share my concern about the ever-increasing exploitation in the construction industry, in which foreign workers are driving wages down and where people are not complying with certain safety regulations. The matter comes up in my surgery on a regular basis. Both foreign and indigenous workers are being exploited by the employers. Do we need stricter regulation?

The Prime Minister: That is exactly why we are bringing in the agency workers directive and giving it legislative power through the House of Commons. I can also say that there is a helpline for vulnerable workers, which we

set up after we had the vulnerable workers commission. The helpline is available to anybody, on a confidential and anonymous basis, to put their complaints, and we will deal with those complaints. It is in nobody's interest that vulnerable workers are left without the help that they need, and I hope that we can do everything possible to support them.

10. [292272] **Sir Michael Spicer** (West Worcestershire) (Con): Will the Prime Minister confirm that he will soldier on to the bitter end?

The Prime Minister: We have got a programme for Government. Unfortunately, the other side do not.

Afghanistan and Pakistan

Mr. Speaker: May I ask Members who are leaving the Chamber please to do so quickly and quietly so that we can hear the Prime Minister's statement and Members may have the chance to question him on it?

12.34 pm

The Prime Minister (Mr. Gordon Brown): With permission, Mr. Speaker, I should like to make a statement on Afghanistan and Pakistan: first, on our work with the Government of Pakistan to counter the terrorist threat from al-Qaeda and the Taliban; secondly, on our priorities for Afghanistan in the next stage of the work our armed forces and civilians are undertaking there; and thirdly, on the conditions we are setting down for the next stage, including for the best possible protection of our troops, especially against—as I mentioned earlier—the growing threat of improvised explosive devices.

Earlier this afternoon we honoured those who have died serving our country in Afghanistan. Today, I also want to honour and thank all those who serve and have served there. Each time I visit them, as I did a few weeks ago, I find myself in awe of the immense skill, courage and sacrifice of our forces. It is right that we put on record in this House, and for times to come, our gratitude for the immeasurable contribution by all our armed forces to our security.

We should also pay tribute to the service and sacrifice of our allies in the 42-country coalition, including that of the 873 American soldiers who have been killed in the last few months, and of two of our closest partners in central Helmand—the Danes and Estonians—who have disproportionately suffered among the largest losses of all.

Every time I read to this House the names of those who have lost their lives in Afghanistan, every time I write a letter of condolence to their families and every time I meet the wounded at Selly Oak, I ask myself the question that has been asked already today—whether we can justify sending our young men and women to join our allies to fight on the other side of the world. I have to conclude that, when the safety of our country is at stake, we cannot and will not walk away; that three-quarters of the most serious terror plots against the UK have roots in the border and mountain areas of Afghanistan and Pakistan; that, as our security services report directly to me, while the sustained pressure on al-Qaeda in Pakistan combined with military action in Afghanistan is having a suppressive effect on al-Qaeda, the main element of the threat to Britain still emanates from al-Qaeda and Pakistan; and that a peaceful and stable Afghanistan would be a strategic failure for al-Qaeda.

Our objective is clear and focused—to prevent al-Qaeda launching attacks on our streets and threatening legitimate government in Afghanistan and Pakistan. But if we limit ourselves simply to targeting al-Qaeda, without building the capacity of Afghanistan and Pakistan to deal with terrorism and violent extremism, the security gains will not endure. So over the last two years we have sought to build and support the Afghan army and police and to work with the Pakistan security forces. Our strategy is dedicated to counter-insurgency and what we have called "Afghanisation". This guiding purpose, reinforced in our strategy and in the NATO strategy in April, is at the heart of the announcements I am making today.

First, there is our work with Pakistan against terrorism and extremism. As a result of the meeting of the Friends of Democratic Pakistan, which I chaired in New York on 24 September together with President Obama and President Zardari, there is now a clear plan for stabilisation and a policy that will assist the reconstruction of those areas of Pakistan where there has been military action recently. We welcomed the recent success of the Pakistan Government who decided to take action against the Pakistan Taliban in Swat, Dir and Buner. The support of the opposition demonstrates that a wide cross- section of Pakistan society now accepts that terrorism poses a threat as serious to Pakistan as to the rest of the world. It is vital that basic services and economic assistance be provided in the liberated areas of Pakistan as soon as security conditions allow. The Secretary of State for International Development is therefore today announcing a further British contribution of £10 million, in addition to the £22 million that we have already provided for humanitarian assistance in those areas.

Secondly, in Afghanistan we will now move further and faster to implement our strategy, which starts with training, mentoring and partnering the Afghan army and police. The more that the Afghans can take responsibility for security, the less our coalition forces will be needed in the long term—and the sooner our troops will come home.

In recent weeks, I have discussed this approach with President Obama, Secretary of State Clinton, NATO Secretary-General Rasmussen, and I have met Admiral Mullen, the US chairman of the joint chiefs of staff, and Generals Petraeus and McChrystal, as well as our own military commanders here and on the ground. Britain supports General McChrystal's ambition to accelerate the growth of the Afghan security forces—an ambition that lies at the heart of his report—with the Afghan army building to 134,000 within a year; that is, by next October.

The Afghans are committed to the recruitment of 5,000 soldiers a month from next spring; the new NATO training mission, established at Strasbourg, expects to help train 40,000 Afghan soldiers in 2010. Britain is setting up a new training centre that will train about 900 junior officers and non-commissioned officers each month. In Helmand, last year there were only 4,200 Afghan soldiers; this year there are an extra 50 per cent.—more than 6,000—and at our request the Afghan Government undertook to send more units to support Operation Panther's Claw. Although those units arrived, they were below strength and not yet fully ready for the task. In a province that faces 30 per cent. of the violence in the country, we need more and better Afghan participation—and we need it from now.

That is why I can announce that the Afghans will set up a corps headquarters in Helmand and that British forces will be ready to partner 5,000 of the 10,000 Afghan troops whom the coalition will be training in Helmand over the next few months, not just embedding mentors with Afghan units, as we have done in the past, but working integrally right up to the top of the command chain. In future operations, the protection of populated areas must be the shared responsibility of Afghan and coalition forces. This will be central to the new benchmarks and timelines that we, and General McChrystal, will set out as part of a new framework for the transition to

Afghan authority. That will involve Afghan forces taking responsibility for the security of the Afghan people, and doing so area by area.

As 19 Light Brigade completes its tour of duty, I know that the whole House will join me in thanking Brigadier Tim Radford, and the men and women whom he leads, for their service throughout this hard-fought summer, and in sending our best wishes to 11 Light Brigade, which is replacing them. That brigade will deploy with further enhancements to deal with the deadly threat from explosive devices—including more specialist troops and more equipment—to protect our forces, to find and defuse the improvised explosive devices and to identify and target the networks that build and set them.

It should be noted that 19 Light Brigade was able to prevent 1,200 explosive devices from being detonated. It will pass on that experience of success to its successors, together with the equipment enhancements that I announced on my recent visit, and which will come on stream later this month and next to help them. That includes increased flying hours for unmanned aerial vehicles for surveillance—a 33 per cent. increase for Hermes, 50 per cent. for Desert Hawk and next year 80 per cent. for Reaper. It also includes an extra £20 million committed to a fourfold increase in the total number of Mastiff and Ridgback mine-protected vehicles since April, and the first Merlin helicopters to be deployed in Helmand in two weeks.

That is highly specialised equipment that must be manufactured, delivered and adapted, and personnel must be trained to operate it before it can be put into action. However, no one should doubt our commitment to responding as fast as we possibly can to this new and deadly threat from the Taliban, and nor should they doubt the scale of our financial commitment to our soldiers and to this campaign. Since 2006-07, we have increased annual military spending on the Afghan operation—spending from the Treasury reserve, in addition to the defence budget—from £700 million to £1.5 billion to £2.6 billion, and now to more than £3.5 billion this year. We are determined to provide our forces with the resources that they need to keep them safe, and to make the right decisions about equipment and troop deployments as part of our wider strategy.

To meet the changing demands of the campaign, which require greater concentration of our forces in central Helmand, we have confirmed the decision that we made in the National Security Committee in the summer: that one of the British units—the regional battle group for southern Afghanistan—will be redeployed to Helmand with immediate effect. To support our plan and to train more Afghan soldiers and police, while maintaining the security of our forces, I have agreed in principle a new force level subject to the following conditions.

The first is that a new Afghan Government demonstrate their commitment to bring forward the Afghan troops to be trained and to fight alongside our forces. I talked yesterday to President Karzai and Dr. Abdullah and received assurances that it is their determination that this will happen. The second condition is that, as before, every soldier and unit deployed to Afghanistan is and must be fully equipped for the operations that they are asked to undertake. The third condition is that our commitment be part of an agreed approach across the international coalition, with all countries bearing their fair share.

The combination of force levels, equipment levels and tasks that I am setting out today follows the clear military advice from our chiefs of staff and our commanders on the ground on implementing our strategy and reducing the risk to our forces. It is on that basis that I have agreed in principle to a new British force level of 9,500, which will be put into effect once those conditions are met.

As I have said, we do not yet know the results of the first round of the Afghan elections. But although they were the first ever elections run by the Afghans themselves and took place against the backdrop of a serious insurgency, we cannot be anything other than dissatisfied with the intimidation and corruption that has been exposed by Afghan and international observers. The Electoral Complaints Commission has set out a process of investigation, including the disqualification of fraudulent votes, and this process must be allowed to run its course.

When I spoke to President Obama last week, we agreed that when a new Government are formed, the international community, including Afghanistan's neighbours, must develop a contract with the new Government that includes the commitment to growing the Afghan army; tough action on corruption; a more inclusive political process, including reaching out to the reconcilable elements of the insurgency; and stronger Afghan control of local affairs. Those are the necessary changes that I discussed with President Karzai and Dr. Abdullah yesterday, for without those changes the efforts of our military will be hampered and the new Afghan Government will not gain the trust of the Afghan people.

A better future for Afghanistan, with its village and rural population, can only be forged if there is stronger governance right down to district level. Last year we doubled the number of advisers we put in for civilian help, and now our joint civilian-military teams—the first in Afghanistan—are supporting not just Governor Mangal, but district governors and village shuras. During the past year, four new district governors have been appointed in Helmand. The Afghan Government are now functioning in nine out of their 13 districts, compared with five last year, and we are supporting community councils to consult thousands of local people.

To ensure that this work has immediate backing, we have announced an extra £20 million for the stabilisation work in Helmand—money that is already being disbursed—to increase the number of Afghan national police in Helmand by 1,000 a year for each of the next three years and to build a new police training academy and new facilities for district governors. We are also working with coalition partners to extend such support to the 34 provincial governors and 400 district governors right across Afghanistan.

British aid will therefore continue to help to pay the salaries of teachers and doctors, but we are also ready to fund and partner the first Afghan teams sent for stability purposes from Kabul to work alongside us in Helmand. We want to reinforce the hard-won gains of our forces in this hardest of summers while fostering greater Afghan responsibility for their own affairs.

We will have prevailed in Afghanistan when our troops come home because the Afghans have not only the will to fight, but the ability to take control of their

[The Prime Minister]

own affairs. The right strategy is one that finishes the job, giving Afghans the tools to take over themselves. A safer Afghanistan is a safer Britain. A stronger Pakistan is also a safer Britain. We must never again let the territory of this region or any region become a base for terror on the underground or in the streets, cities and airports of Britain. We must not permit it and we will not permit it. We have the right strategy and we will see it through. I commend this strategy to the House.

Mr. David Cameron (Witney) (Con): We have long called for regular reports to Parliament on Afghanistan and Pakistan, so we very much welcome this statement. I would like to ask the Prime Minister about three areas: first, Britain's input into the US strategic review; secondly, the equipment for our troops; and thirdly, the military's request for extra troops.

On our overall strategy in Afghanistan and Pakistan, and President Obama's review, the Prime Minister said that he supports General McChrystal's ambition, but can he tell us whether he basically agrees with General McChrystal that we need a proper, fully fledged counter-insurgency strategy in Afghanistan? The Prime Minister rightly says that our military effort should increasingly be geared to training the Afghan national army. We agree with that and support it, and we welcome the extra Afghan troops who will be in Helmand, but does he agree that in order for this to work, the Afghan national army needs to be more representative of the country as a whole? Can he tell us what progress is being made on that vital front?

As the Prime Minister said, the recent elections were widely seen as flawed and corrupt. If reruns of contests are not possible, does he agree that the clearest possible message should be sent to President Karzai that when British soldiers are fighting and dying for his country, the corruption and ineffectiveness of his Government are completely unacceptable?

On the Taliban, do we not need to get much smarter at distinguishing between individuals who pose a real long-term threat to the security of the UK and its allies, and those who do not? Does the Prime Minister agree that, while we should not be negotiating with the leadership of the Taliban, we should be breaking up the movement, separating out those who are more motivated by money or other factors rather than by ideological commitment? Can he tell us a bit more about what progress is being made on this front?

As the Prime Minister has rightly said, security in Pakistan has a direct link to security here in the UK. While the success in the Swat valley of which he spoke is welcome, the recent siege at the army HQ in Rawalpindi—just a few miles from the Pakistan capital—was deeply disturbing. Will he tell us what the British Government are doing to increase the Pakistan Government's ability and capacity to deal with the rise of extremism? Will he address specifically the question of what he thinks is now being done, if anything, to shut down the Quetta shura?

The Prime Minister has said that the deployment of extra troops is conditional on the military assuring him that they have the necessary equipment and training, but will not people think that it is the Government's responsibility to ensure that they have the necessary equipment? Will people not also ask why, after eight years, we are still playing catch-up on equipment? As we have said repeatedly, helicopters are crucial. Will he tell us what progress has been made on getting more Chinooks to theatre? He said in his statement that the "first Merlin helicopters" will be deployed in the next two weeks. Can he assure the House that all six Merlins from Iraq will be in Afghanistan by the end of the year, as he promised? We welcome the delivery of the new Ridgback and Mastiff armoured vehicles, but, according to yesterday's Public Accounts Committee report, only one in five of the Mastiff fleet were classified as fit in June 2008. Will he tell us whether that completely unacceptable position has now improved?

The Prime Minister tells us that the troops going to Afghanistan will be properly trained and equipped, yet today we see that training for the Territorial Army, including some who are going to Afghanistan, has been cut. Will people not conclude from that that he is not fully on top of what is happening in his own Government? On the additional 500 troops that he has announced, can he confirm that that is what the military have actually asked for? Vitally, will he also make it clear that the troops announced today are new, additional soldiers, not troops who are already there and who have had their stay extended?

I want to return, if I may, to what the Prime Minister said to me when I asked about the military's request for extra troops in the summer. On 13 July, in the House, I asked him specifically whether commanders had asked for more troops to do more things and whether he had been asked for 2,000 more troops. He replied:

> "I have been reassured by commanders on the ground and at the top of the armed services that we have the manpower that we need for the current operations."—[*Official Report*, 13 July 2009; Vol. 496, c. 26.]

Yet we now know that the military did ask for 2,000 more troops in March this year. Will he tell us why that option was rejected? Will he also explain why he gave such an evasive answer on such an important issue as troop numbers? Does he not understand that we are only going to carry the public's confidence if we are straight with them about the choices that we face?

Finally, let me ask about what is being done to put our entire effort in Afghanistan on to a proper war footing in Whitehall. We need a clear sense of direction from Ministers, a clear sense of who is in day-to-day charge, and a Government machine that responds quickly and decisively. Will the Prime Minister tell us today what he is doing to make that happen? Let me be clear: we support the mission in Afghanistan, provided that we are realistic about what we are aiming to achieve. To us, the overriding aim must be to train the Afghan forces so that they can take responsibility for their own security and our soldiers can come back home.

The Prime Minister: I will answer every specific point that the right hon. Gentleman has raised, but I want to stress that the decisions that we are announcing today have been made after the fullest possible consultation with our American allies, with the Secretary-General of NATO, with our own military commanders on the ground and with the Chief of the Defence Staff and the Chief of the General Staff. I have regularly met them over the past few weeks to deal with these issues.

The right hon. Gentleman should also be aware that the National Security Committee has been meeting every week throughout the summer to review events and dispensations. That committee has the advantage of being a committee not simply of Ministers such as the Foreign Secretary, the International Development Secretary, the Defence Secretary, myself and others; its membership also includes the commanders themselves, our security services and those people who can advise us on the issues on the ground. On some occasions, we have had a regular input from our ambassador in Kabul. It is completely not the case that these matters are not being properly co-ordinated at the centre of Government by a National Security Committee with the advice of our commanders at all times and with regular meetings and discussions with our allies.

Let me deal first with the right hon. Gentleman's question about Pakistan. He is absolutely right to say that there are risks in Pakistan, as the Pakistan Taliban in particular are engaged in activities against the Pakistan Government. He should also note, however, that in the past few months in Pakistan we have seen the most encouraging coalition of forces: the Opposition parties as well as the Government, and the security services as well as the army, are determined to take on the Pakistan Taliban in those areas where they have a foothold. They are taking the fight to them, removing them from the territory and doing an incredible amount of work to ensure that displaced people can get back into their own areas.

This was reflected in the Friends of Democratic Pakistan meeting that we held at the United Nations. That meeting involved not just ourselves and America; there was representation from all the major countries in Europe and elsewhere wanting to support the efforts of the Pakistan Government to deal with the problem that they face. I have had assurance from President Zardari—we know that there have been discussions because the Defence Secretary and the Home Secretary were in Pakistan very recently; the Foreign Secretary is also in direct touch—that the Pakistan Government plan to take their campaign from the Swat valley into Waziristan at some point. They are planning how to deal with not only the Pakistan Taliban but the Afghan Taliban and al-Qaeda itself. It was encouraging, having defined the problem as one that covers the border areas of Afghanistan and Pakistan, that while we had hoped for years that the Pakistan authorities would take action, they are now doing so. As the Leader of the Opposition said, they recognise that the terror threat is very close to home for them.

On Afghanistan, I was asked about General McChrystal's report and about a number of issues relating to equipment. I want to ensure that people understand the process of consultation that we have gone through, and the logic of the decisions that we have made. The basic elements of General McChrystal's report relating to the principles of future operations involve a move from counter-terrorism to counter-insurgency, and a move from an emphasis on holding areas to being with the largest areas of population and winning hearts and minds. The aim is therefore not simply to eliminate the Taliban but to win the support of the Afghan people. It is for that reason that the general is proposing—rightly so; we ourselves proposed this some months ago—that the partnering and mentoring of the Afghan forces to build up the Afghan army and security forces are absolutely central to everything we do.

When we went in on Operation Panther's Claw, we wanted the Afghan forces to hold the ground. They came, but they were not strong enough or well equipped enough to do so. We need an Afghan army that is properly strengthened and properly equipped. As the right hon. Gentleman rightly says, that means getting a balanced army across the country as well as getting troops to come from other parts of the country to Helmand, where 30 per cent. of the violence takes place. Our aim is to move from an Afghan army of 90,000 to one of 134,000, and to train the troops but also to have them in action with our own troops right up to headquarters level. We believe that, in the next year, that extra 50,000 or so troops can be achieved through a recruitment rate of 5,000 a month and through those troops being sent into Helmand.

The integration of people who are part of the Taliban or the insurgency and who could be persuaded to come over is a central element of the work that we are doing. The Foreign Secretary emphasised that in a speech only a few weeks ago. The importance of it has led General Lamb, who acted with great distinction in Iraq, to go to work with General McChrystal on the very process of reintegration and splitting the Taliban.

There are Pashtun nationalists, people hired for a dollar or two a day, young people who want to assert their independence, and Taliban and al-Qaeda ideologues. We have got to separate the people who worry that they are hit with an occupying army from those who simply want al-Qaeda or the Taliban to regain control of Afghanistan and practise terrorism from that country. I believe that all parties share our determination on political reconciliation, but it is important to note it.

Let me answer the questions on equipment. There will be two Merlin helicopters there very soon and our plan is get six there as soon as possible. The problem has been that we have to re-blade the helicopters from their work in Iraq; then the pilots have to be trained for the difficult and different terrain of Afghanistan. That work is going on; I have seen it at first hand when I have visited the RAF base in which it is being done. I was also asked whether we would have other helicopters. Chinooks will be going there next year; Lynx has been remodelled for high intensity and very hot atmospheres, and they are going there from next summer. With Mastiff and Ridgback, I think I am right in saying that 500 vehicles have been sent to Afghanistan in the last period of time. The equipment for Mastiff and Ridgback is now second to none. Of course we want to get more there as soon as possible, and we are making that happen.

I have already said that I will investigate what the Leader of the Opposition said about the Territorial Army, but I emphasise to him that the Territorial Army is part of our mission in Afghanistan. Anybody who goes to Afghanistan has the assurance that we will do everything in our power to make sure that they are fully equipped for the tasks that they undertake.

I was asked about the numbers of troops in Afghanistan and the issues that arose. A number of options were before us earlier this year for different kinds of operations that we might mount in Afghanistan. We took the necessary decision to send more engineers to Afghanistan

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to protect ourselves against the IED threat. A range of options were discussed and we decided to raise the number of troops from 8,100 to 9,000 until we could see what was happening with the American review of strategy and also what happened during the election campaign. We raised the number from 8,100 to 9,000, and we are now making a decision to raise the number again from 9,000 to 9,500. We are redeploying the regional battle group to central Helmand, because that is the best use of it as we try to undertake the task of protecting our forces while at the same time conducting our Afghan support exercise for Afghan troops. The decisions taken have been agreed by all our military advisers as the right decisions to take for the future.

The reason for imposing conditions is obvious. We cannot train the Afghan forces without the Afghan Government making those forces available to be trained. We want to go in harmony with the American decisions that General McChrystal and the President are discussing. I believe that what we are saying today is consistent with what the Americans will decide.

Of course, we want to be absolutely sure that the troops we send are properly and fully equipped for the future. In other words, whenever there has been a need for us to protect our troops and to move forward the campaign, which is now about Afghans taking more responsibility, we have been prepared to send the troops, to make the investment, to provide the finance and to support the troops on the ground. I hope that the Conservative party will be able to maintain what has been a consistent bipartisan approach to a necessary exercise in Afghanistan, and that we can proceed on the basis that there is support in all quarters of the House for the activities that we are undertaking.

Mr. Nick Clegg (Sheffield, Hallam) (LD): I thank the Prime Minister for his statement, quite a lot of which I welcome. We on the Liberal Democrat Benches have argued that we cannot fight and succeed in this war on half horsepower, with half measures, with half-baked thinking. Time is running out for the mission in Afghanistan and we need a radical change in direction.

The Prime Minister set out today a number of conditions on which the deployment of extra British troops will depend, but does he agree that, ultimately, the key condition is that they should have a realistic chance of success, which requires above all a credible new strategy? The public are rightly cautious about a drip, drip accumulation of British forces in Afghanistan without any overarching strategy to work from or realistic goals to work towards. More troops may be necessary, but they will not be sufficient to guarantee success.

I welcome what the Prime Minister said today about new Merlin helicopters and more Mastiff and Ridgback vehicles, although we need more detail on when they will be available on the ground and on whether the poorly armed Snatch Land Rovers have now been withdrawn from service as the Government promised in the past. Does the Prime Minister not agree with General McChrystal's conclusion that focusing just on force or resource requirements misses the point entirely and that there is more to this than just boots and equipment on the ground? Does he not agree that the key and central failure in Afghanistan is the lack, still today, of a co-ordinated international plan? What is the Prime Minister doing to advance a political surge to run alongside any new military surge?

As Secretary of State Clinton said this week, not everyone who calls himself a Taliban is necessarily a threat to the United Kingdom or the United States. I welcome what the Prime Minister said a few minutes ago on that issue, but can he be more precise? I see the Prime Minister is smiling, but can he address the point? What programmes, what budgets and what staff have been allocated to the fairly serious job of reconciliation and grass-roots diplomacy in Afghanistan? Beyond the borders of Afghanistan, what progress has been made to bring other countries in the region together, to share intelligence on the Taliban and al-Qaeda, and to tackle the opium trade?

On military strategy, General McChrystal has highlighted the need to defend urban centres. Does the Prime Minister concede that it is now better to focus our forces on defending the more populated areas rather than operating from remote outposts in a Taliban-dominated countryside in Helmand?

Finally, the Karzai Government have spectacularly failed to win the trust of the Afghan people. They are beset by corruption, crime and the influence of warlords. The Prime Minister talked in his statement about the need for a more inclusive political process, but let me press him again on the issue that I raised with him earlier. Does he agree that, regardless of electoral outcomes, only a full Government of national unity can now deliver a platform for progress in Afghanistan?

The Prime Minister: The right hon. Gentleman's first remarks were that we did not have a strategy for Afghanistan and that we needed to think it through. His second set of remarks, however, revealed that he has not understood that our strategy is to give Afghans more responsibility for their own affairs, to train up the Afghan army and military, to train up the security forces and police, and to make sure that civilian government in Afghanistan is more effectively done. That is why I will have to correct the right hon. Gentleman when it comes to some of his proposals.

Yes, General Lamb is working on how he can help to reintegrate into civilian society people who desert the Taliban, but in the end it has to be a process of the Afghans themselves coming together and working together for the future. Equally, as far as a Government of national unity is concerned, it is not for us to prescribe what the Government should be. That is for the electorate, and for their verdict to be taken into account by President Karzai, Dr. Abdullah and all the other people involved. If a re-run or second round of the election is necessary, that may have to happen. We have to accept that that is in the hands of the electoral commission, which will make recommendations after it has looked at spoiled and fraudulent ballots.

Our strategy in Afghanistan is to build up the army from 90,000 to 134,000 as quickly as possible; to build up the police from about 98,000 to about 150,000; to build up the civilian shuras and the district and provincial government in Afghanistan to make it more effective; and to be in a position to hand control of Afghanistan, area by area, back to the Afghan people. That seems to me to be the most sensible policy.

As far as vehicles are concerned, there has been a sea change in the way we have brought in Mastiffs and Ridgbacks. I agree with the right hon. Gentleman that there is an issue about small vehicles, and we are looking at that at the moment. I suspect that he will hear from the troops on the ground that, although the IED threat is real, the vehicles brought in during recent months are by far the best they have ever had and the best in the world. We will do everything that we can to ensure that there are better vehicles in the future.

As for President Karzai and governance, I agree with the right hon. Gentleman. We cannot tolerate a situation in which we have British forces, indeed allied forces, in Afghanistan, and a Government who are tolerating corruption. That is why President Obama, I and others will propose to whoever takes over the government of Afghanistan that there must be a contract that is monitored to deal specifically with corruption, to deal with the appointment of governors in a fair way so that we can deal with corruption in the provinces, to deal with the training of Afghan forces for the future, and to deal with something which, although I was not able to talk about it today, is absolutely important to the Afghan people: to create a climate for economic activity which involves wheat rather than heroin, and in which small businesses can develop and Afghan people can have a stake in the future of their country. That is the way forward, and I hope that the right hon. Gentleman will find a way in which to support it.

Several hon. Members *rose—*

Mr. Speaker: Order. I want to accommodate as many as possible of the more than 30 Members who are seeking to catch my eye, so I am looking for single, short supplementary questions and, of course, economical replies.

Jeremy Corbyn (Islington, North) (Lab): On Saturday 24 October, thousands of people will march through London calling for British troops to come out of Afghanistan, and they will represent the views of millions of people in this country. Does the Prime Minister not realise that this is a war that does not enjoy popular support? It has gone on for eight years, it has cost too many lives, and it has no end in sight. Can the Prime Minister produce a strategy to end it, and not to continue the occupation?

The Prime Minister: I must tell my hon. Friend that our strategy is to create a situation in which British troops can start coming home, which means strengthening the Afghan forces to enable them to do this job.

I think that my hon. Friend should remember the circumstances in which we went into Afghanistan in the first place. Forty countries are with us in a 41-nation coalition, and every other country that has been involved in Afghanistan has put troops, equipment or civilian staff into it. It is important to recognise that there is widespread support for this operation across and beyond NATO. I think that before people consider their final view on Afghanistan, they should look at the strategy that we are actually proposing: a strategy that gives Afghans more control of their army and police forces to enable our troops to come home over a period of time.

Mr. James Arbuthnot (North-East Hampshire) (Con): We have still not been given a proper answer on the request for 2,000 extra troops, so I will not bother to ask about that.

One of the key aspects of bringing security to the Afghan people is the training of police who are free from corruption. In Iraq we found that it was of great assistance if the Iraqi army mentored the Iraqi police. Will a similar approach be adopted in Afghanistan?

The Prime Minister: That is one of the approaches that we are considering. The European Union responsibility for the training of police forces has been with Germany, and it has done a great deal, but more must be done. It is possible to envisage circumstances in which the army will help with the training of police forces, and it is possible that there will be more civilians training them as well. I agree with the right hon. Gentleman that we cannot just talk about training the army. As I said, General McChrystal recommended a build-up of the police forces from 98,000 to 150,000. That is a big increase, but those forces must be in the right places, they must of course be paid—that is one of the problems that we have experienced before—and they must be free of corruption. That is an order that the Afghan Government must accept.

Mr. Geoffrey Robinson (Coventry, North-West) (Lab): The whole House will be greatly reassured by what my right hon. Friend has said about the need to reconcile and reintegrate many of those who are loosely called Taliban, but who are certainly not under the direction of the three main insurgencies. He will be aware that in Iraq, 100,000 Sunnis were signed up, reintegrated and paid by the Americans to join the Iraqi national army in a matter of three weeks. A way ahead like that would be possible, but does my right hon. Friend not see that President Karzai is an obstacle? He is widely implicated in the fraud that took place in the election, and in the corruption that extends throughout the country. Can my right hon. Friend not think of ways of ensuring that Dr. Abdullah is much more closely involved in the execution and administration of politics in the country?

The Prime Minister: I have talked to both President Karzai and Dr. Abdullah about how, whatever happens about the election, they can work more closely together and ensure that there is some common purpose, but that is a decision for them to make after they have seen the findings of the independent electoral commission.

I agree with my hon. Friend that unless corruption is dealt with, the reputation of Afghanistan and the trust that people will have in its Government will be severely limited. I also agree with him that reintegration must be a central element of what we do. A large number of people would be prepared to leave the province of the Taliban. We must have a strategy for that, not just at national level but at local level, and that is exactly what we are working on now.

Sir Malcolm Rifkind (Kensington and Chelsea) (Con): While it is unlikely that the Taliban can be eliminated, even with increased NATO troops, is it not equally true that it is impossible for the Taliban to conquer Afghanistan relying, as they do, on roadside bombs and suicide bombers? Does that not point to the need to convince the Taliban that NATO will stay there for as long as necessary? That means that even if we are able gradually to withdraw our ground forces, we must give a commitment to long-term NATO air support working with the enlarged Afghan Government.

The Prime Minister: The right hon. and learned Gentleman has made an important point. In hand-to-hand, one-to-one fighting, the Taliban have lost. That is why they have changed their tactics, and why their tactics are now essentially those of guerrilla warfare. That is why they are laying devices to kill or maim our soldiers, and why 80 per cent. of deaths—not just British fatalities, but fatalities across Afghanistan—arise from the use of IEDs.

The right hon. and learned Gentleman is absolutely right to suggest that the Taliban cannot win a conventional war, but can only disrupt our attempt to bring peace and stability to Afghanistan. He is also absolutely right to say that we must think ahead. We must send a message to the Taliban that we are not going to walk away, and that—as he rightly suggests—NATO will stay the course. At the same time, however, we must be prepared to integrate those elements of the insurgency who are not among the Taliban ideologues into the framework of a civilian society that can develop in the future.

Dr. Roberta Blackman-Woods (City of Durham) (Lab): In July, when I last visited Afghanistan, I saw for myself not only the tremendous job that our armed forces are doing there, but the growing use of the Afghan national army in front-line operations. However, I am less clear about how the Afghan Government are being encouraged to take responsibility for the overall security situation. Will the Prime Minister say something more about what action he is taking in that regard?

The Prime Minister: The Afghan security services have already taken responsibility in some areas of Afghanistan, but it has become absolutely clear that they must be better trained, better equipped, and better able to deal with both military and civilian tasks. That will involve not just the army but the police. Training and partnering must develop apace. Training and mentoring will mean, in some cases, embedding British forces with the Afghan forces, but what is currently being proposed is that similar units of Afghan and British forces should work together with a joint command. That would make the training of Afghan forces more rapid, and give them experience of what is happening on the ground more quickly.

As I have said, it is incredibly important that if we take and hold ground, that is done not only by British forces but by Afghan forces, so that Afghanistan's own forces are holding ground against the Taliban for the future. That is why the strategy of partnering is so important to the next stage.

Sir Menzies Campbell (North-East Fife) (LD): After eight years, what confidence can we have that the strategy announced by the Prime Minister today has a better chance of success than the strategies previously announced by this Government?

The Prime Minister: We have been proposing something similar for the last 18 months. I think people have recognised that unless there is a strategy allowing Afghan people to take more responsibility for their own affairs, we cannot see a way through this that does not involve British or other troops being there for many, many years. The importance of what we are saying today lies in the fact that it is supported by NATO itself, and is very much in tune with what General McChrystal is saying. He has reconsidered the American strategy. As he says, he is moving from counter-terrorism to counter-insurgency: he is concentrating on people and winning their support, rather than concentrating on areas and eliminating Taliban military. At the same time, he is completely signed up to the idea that we must train and partner the Afghan forces.

I believe that that is the right strategy, because it gives us a way forward. It moves from the status quo in a way that shows that if the Afghans can take responsibility for their own affairs more quickly, we can bring our troops home more quickly.

Mr. David Crausby (Bolton, North-East) (Lab): Does my right hon. Friend agree that the threat posed by al-Qaeda applies to all NATO member countries? Will he join me in urging some of our more reticent European allies to contribute on the same brave and dangerous level as the British armed forces?

The Prime Minister: My hon. Friend is absolutely right that there must be burden-sharing. Before the elections, I and others persuaded some other European countries to contribute more, and there was a greater contribution from other countries in the run-up to the elections. It is now for all of us—once the strategy is set out by President Obama and then by NATO itself, and there is a meeting taking place in the next few days to do that—to persuade other countries that this is the right way forward for them. Some countries will find it better that they are training Afghan forces and not engaged in military action on the ground; some will be prepared to contribute more money rather than more helicopters; some may be prepared to contribute equipment rather than staff on the ground—but everyone must accept that if they are part of the coalition they have got to share the burden.

Mr. Mark Lancaster (North-East Milton Keynes) (Con): As I am a member of the Territorial Army who has served in Afghanistan, the Prime Minister will understand my particular interest, and it is worth remembering that a large percentage of our forces in Afghanistan are members of the reserve. Indeed, as one of the EOD—explosive ordnance disposal—trained engineers to which the Prime Minister referred, it is likely that I may have to go there again, perhaps even sooner than I think after this question. This week, however, I was told that I may not be able to train again until next April. How can that be right and, more importantly, what sort of message does that send to the members of the reserve forces whom the Prime Minister claims to value so much?

The Prime Minister: I will look in detail at the individual cases that are raised but, as I have said, our focus is on Afghanistan at present, and those people who are likely to go to Afghanistan will get the training that is necessary.

Mr. Gordon Prentice (Pendle) (Lab): I am interested in the new timelines that the Prime Minister mentioned in his statement. What will happen in 2011 when Canada withdraws its combat forces from Kandahar, which is next door to Helmand province? Will we be expected to move in there, or will the Afghan army be expected to step up to the plate? What is going to happen in 2011?

The Prime Minister: It is not the assumption that we will move in. Yes, there will be greater presence from the Afghan army, because its numbers will have grown by about 50,000 over the next period of time. We are also awaiting an announcement from the Americans on what they will be doing. Some of their troops who they announced in the previous round are yet to arrive in Afghanistan. Therefore, I think that quite a few changes will be taking place as a result of announcements from different countries.

David Davis (Haltemprice and Howden) (Con): The Prime Minister is right to emphasise the role of the Afghan security services, but Afghanistan is bigger, more complex and presents a more difficult problem than Iraq, and as Iraq's indigenous security forces number 600,000, how does the Prime Minister imagine we can succeed in Afghanistan with less than half that number?

The Prime Minister: First, Afghanistan is very different from Iraq. Secondly, the right hon. Gentleman should accept that the figures I have given for the army are the increase in numbers over the next year—from 90,000 to 134,000. That is not necessarily the limit on the numbers that will be placed in the Afghan army or the limit of our ability to train members of the Afghan army. I have already given a figure on the rising numbers of police who will be trained for the future. As we know, in the end, Afghan civil society at the local level must operate as well, and where it does operate successfully—perhaps through tribal chiefs, the shuras that have been developed, or the community councils that have been created—that can make a huge difference. We are dealing with a different country and different conditions, but the limits I have referred to on the training of the army for the next year are not the limits on the army for the future.

Hugh Bayley (City of York) (Lab): I ask the Prime Minister to maintain a close interest in the poppy cultivation problem. Such cultivation funds the insurgency, and the heroin produced wreaks havoc on the streets of our country. What progress is being made in reducing the amount of poppy cultivation in Afghanistan?

The Prime Minister: The International Development Secretary will be able to write to my hon. Friend in detail about the success of Governor Mangal's programme in Helmand, where in order to replace poppy cultivation we encouraged the growing of wheat. Partly because the wheat price has been high over the past few months, that has been very successful in moving thousands of farmers from poppy cultivation to wheat farming. We will be extending the programme over the course of the next year. That is one way in which we are reducing the dependence on poppy cultivation in Helmand. We realise that that is a continuing challenge, however.

I should also say that there is considerable evidence the people who are involved in the industry of growing heroin are also those involved in placing IEDs, which have caused so much havoc among our troops, and a lot of our surveillance work is now related to tracking those people. One of my announcements today was the increased surveillance that will take place in Afghanistan of those who are trying mainly by night but also by day to plant IEDs.

Mr. Nicholas Soames (Mid-Sussex) (Con): Even allowing for the considerable and remarkable expertise of British troops in training the Afghans, at which they have been very successful, the timelines outlined in the Prime Minister's statement will be extremely tight. Given the further advice that he received earlier in the year from the chiefs, is he satisfied that there are within 11 Light Brigade enough British soldiers to hold, clear and build on that ground until there are sufficient Afghan soldiers to take the strain?

The Prime Minister: I agree that one of the big questions is how we can train Afghan forces at a far more rapid rate than before. At present, we are seeing recruitment of Afghan forces at a rate of 2,000 a month. That will rise to about 5,000 a month. Of course, not every one of them will go on to get full training or even turn up, so we are talking about an estimated increase of 4,000 a month over the next year. I have talked to General McChrystal about this, and we have talked to the American authorities as well as to NATO, and it seems to be a practical proposition. Steps are being put in place for it to happen. Karzai is sure that he can provide the numbers of those who will be prepared to be recruited to the armed forces. That is the first stage; if we are to go in to train, we must have the Afghan forces with whom to do so.

On numbers, I want to make sure that the House understands what I said earlier. I said that we discussed a number of options earlier this year. None of them included raising the number of forces by 2,000. We discussed several options. We decided to raise the numbers to 9,000. We decided we would review that after the elections had taken place because a lot rested on security related to the conduct of the elections. We have now conducted that review, and we have been in touch with the Americans, and by agreement with our commanders on the ground and the Chief of the Defence Staff, the Chief of the General Staff and others who have been involved—I met all the chiefs yesterday for breakfast—we have decided on the increase to 9,500 subject to the conditions I set out. I hope people will understand that at all times we have acted in good faith.

Mark Durkan (Foyle) (SDLP): First, may I associate myself with the respect paid by the Prime Minister to all those who have lost their lives in Afghanistan and all who have loved them?

The Prime Minister's statement puts considerable emphasis on growing the capacity of the Afghan army. Does he recognise some future danger in building an ever stronger army if at the same time we indulge a systemically weak and corrupt Government? Does the history of Pakistan not point out the danger of such an equation, and what is being done to mitigate these risks?

The Prime Minister: The hon. Gentleman makes the very important point that if we are to have Afghan responsibility for Afghan affairs, we need both local and national Government who work effectively. I would perhaps put more emphasis than the hon. Gentleman on local government being effective. For most people in Afghanistan the hold of central Government is very weak indeed. However, I agree that President Karzai and those who will hold authority in Afghanistan after

[The Prime Minister]

the elections—whoever they are—must take responsibility for making sure that we have corrupt-free government across the country. A lot is related to the heroin trade, as has been said, but there is a responsibility on those who rule Afghanistan to make sure that the confidence we have placed in them by sending troops to deal with the problems is repaid by their cleansing the Government of corrupt activities. That will be part of the contract with any future Government in Afghanistan.

Bob Russell (Colchester) (LD): The Prime Minister's statement was silent on the continued abject failure of the major European NATO countries to provide troops on the ground in Helmand province. In respect of his comments on hearts and minds, may I suggest that his Government take some leadership? Over the summer his Ministers have told me:

"No steps have...been taken by UK Trade and Investment to encourage the export of goods from Afghanistan"

and

"No locally produced food has been procured for British troops in Helmand Province by the MOD Food Supply Contractor."—[*Official Report*, 14 September 2009; Vol. 496, c. 2188W and 2122W.]

Is there not a case for the British Government to boost the economy of Afghanistan, and in that connection may I urge his Ministers to discuss matters with UK-based charity POM354, which is doing that on the ground in Afghanistan as we speak?

The Prime Minister: There is, of course, a case for that and we would want to see it happen in the future. The hon. Gentleman has been to Camp Bastion and knows the arrangements that have to be made in an area that is otherwise barren to ensure that our troops are properly fed and equipped. He knows the airlifts that take place to make that possible. We should be proud that we have been able to supply equipment, food and everything that is necessary for our troops by ensuring that these airlifts take place. He is right that, over time, we must be able to encourage local Afghan industry too.

Linda Gilroy (Plymouth, Sutton) (Lab/Co-op): The Prime Minister mentioned in his statement welcome investment to ensure that the kit and the equipment to back up our brave armed forces in theatre is available. On the question of Army vehicles, he mentioned the Ridgback and the Mastiff—of course, the very successful Jackal vehicle has also been used. Can he assure me that the MOD is looking at a replacement for the Snatch vehicle that combines protection and a lower profile, so that as we move into stabilisation that kind of vehicle is available for our armed forces?

The Prime Minister: I think that my hon. Friend is talking about a vehicle that is made near or in her constituency. She is right to say that the Jackal is a very important vehicle. It is very popular with our troops and we depend upon it greatly.

Sir Peter Tapsell (Louth and Horncastle) (Con): May I put it to the Prime Minister that anyone who thinks that a NATO-trained Afghan army recruited from 67 mutually hostile tribes will defeat the Taliban is living in a political cloud cuckoo land?

The Prime Minister: There is a 41-nation coalition that sees its responsibility as making sure that we can deal with the terror threat of al-Qaeda and that the Afghan Taliban do not return to power in the way that they did before. I must say to the hon. Gentleman that 6 million children are at school in Afghanistan—1 million girls, who would never be at school if we left Afghanistan to the Taliban, are at school. More importantly, people in Britain are safer. Three quarters of the plots that we have discovered in Britain come from the Pakistan border area. If the Taliban and al-Qaeda are allowed to roam free there, we are at risk. Whatever difficulties he diagnoses from the history of Afghanistan—many conclusions can be drawn from its vexed history—we have a duty to protect our citizens and to ensure that we do everything in our power to build the capacity of the Afghan people to run their own affairs.

Mr. David Winnick (Walsall, North) (Lab): Is my right hon. Friend aware that the reason for the growing opposition in Britain to the military position in Afghanistan is that people simply cannot see victory occurring, even if we were to stay there for another eight years? I, for one, am totally opposed to increasing the number of troops, and if there is an opportunity to do so, I will certainly vote against this.

The Prime Minister: I have to say to my hon. Friend that we have laid out a strategy that does not leave things as they are. It is a strategy that says that we have to train Afghan forces and that they must be in a position to take responsibility where British troops, and American and other troops, are taking responsibility now. That seems to me to be the best way forward. That training function will require us to make a contribution to it. We are prepared to make our contribution, and I believe that there will be wider support, both in this House and among the general public, than he suggests.

Dr. Julian Lewis (New Forest, East) (Con): The Prime Minister admits that 80 per cent. of our casualties have been caused by roadside bombs. What proportion of the convoys attacked by those bombs were resupply convoys, which could and should have been transported by air but which were not because of the disgraceful shortage of air transport capacity?

The Prime Minister: I just do not accept the hon. Gentleman's conclusion. A lot of the casualties have, unfortunately, been those people who have been on foot patrol, trying to build relationships with the Afghan people, so that we are seen not as an occupying army, but as an army that works with them. Where vehicles have been blown up we investigate what has happened, and I am happy to give him the details.

Paul Flynn (Newport, West) (Lab): How dare we ask more British soldiers to risk their lives for a corrupt President, his depraved police and the barbaric warlords, when we have already lost more British lives than have been lost by all our European allies? Every surge of British troops in the past has resulted in a surge of targets for Taliban bombs and British deaths. Do we not need new thinking, rather than more troops putting their lives at risk in an impossible war?

The Prime Minister: We have been setting out the new thinking about Afghanisation over the past few months. I hope that my hon. Friend understands that we are doing everything in our power to counter the IED threat; we have taken very big steps to increase the surveillance and the detection, and we have had a great deal of success. As I have said, 1,500 instruments have been dismantled or discovered as a result of the work of our security services and our forces. He should understand that a great deal of progress has been made. On the regime, he is right to say that we must continue the battle against corruption, but I say to him that we are part of a 41-nation coalition. We are working with other countries, and they are suffering casualties, too. We must understand that the high rate of casualties this summer has been the result of the change in tactics by the Taliban, and that America and other countries have been as affected as we have been.

Mr. Peter Bone (Wellingborough) (Con): Yesterday, my son was deployed to Afghanistan for the third time. I wish to take this opportunity to say how proud I am of him and his colleagues, and of the outstanding service that they give to our country. Will the Prime Minister tell us whether he has any plans to extend the Chinook fleet, because in Afghanistan flying is safer than driving?

The Prime Minister: There are more Chinooks going to Afghanistan next year.

Barry Gardiner (Brent, North) (Lab): At a meeting of the Pakistan-India friendship forum last weekend, I was struck by the number of people whose families live in the region who expressed their concern that the Government might pull out prematurely. Will the Prime Minister give an assurance that notwithstanding the process of Afghanisation, which many people who spoke to me support, he will maintain the support for the change in governance that those families so clearly want?

The Prime Minister: We want to see that change in governance. We want to strengthen, first of all, the Pakistan Government, as they take on not only the Pakistan Taliban, but al-Qaeda and the Afghan Taliban in Quetta. We also, of course, want to strengthen the Government of Afghanistan to make them free of corruption. At the same time, we want them to have a security force that is equal to dealing with the problems of creating order in their own country. I assure people that that is our purpose.

Stewart Hosie (Dundee, East) (SNP): Public opinion on Afghanistan is, at best, hanging by a thread, because of the anxiety about corruption, because of the ongoing concerns about the loss of military and civilian life and because the public do not know what success in Afghanistan will look like. Will the Prime Minister tell us today not a time scale, but how he will define what success in Afghanistan will look like, so that the public can measure against that and know when the troops can come home?

The Prime Minister: We can immediately measure our success in dealing with IEDs and preventing the deaths that they have been causing. We can immediately measure the number of Afghan forces that are being recruited, so that we can pursue our policy of Afghanisation. In the longer term, we want to see the Afghan forces be able to take responsibility, with the police in Afghanistan, for areas of the country, so that our troops are able, as a result, to come home.

John McDonnell (Hayes and Harlington) (Lab): Following that point, this year this war has cost not only 200 British lives but 1,000 Afghan lives. It has also destabilised whole areas of Pakistan, all to install a Government who are a byword for corruption. Now we are sending a further 500 British troops and putting their lives at risk. What are the specific criteria for the success of the investment of those 500 troops, because many of us fear that we will back in a few months' time for another 500 lives to put at risk?

The Prime Minister: I have just said—I hope that I am able to emphasise this—that the reason why those troops are being put into Afghanistan, which is being done on the conditions that I have set out, is to achieve not only security for our existing forces, but the training of Afghan forces. That is why we are doing this, and that is why the policy has moved from where it was a year or two ago to emphasising the build-up of Afghan forces and of Afghan police, so that Afghans themselves are able to take responsibility for their own affairs. If we do not build up the capacity of Afghanistan to deal with its own problems, at some point either the Taliban or al-Qaeda, influencing the Taliban, will have a bigger say in the running of that country. That is something that we need to avoid.

Mr. Hugo Swire (East Devon) (Con): The recruitment, training and retention of an additional 52,000 police are a challenge and will take time, but the real challenge is the creation of a genuinely national police force in Afghanistan. When we were there in July, we were told that there were problems in persuading some people to serve in different parts of the country, which led to corruption and intimidation. What moves are therefore being made to ensure that the police force in Afghanistan becomes a genuinely national one?

The Prime Minister: I have just said that there is going to be a new training academy for police. That is one of the ways in which we can improve the quality of the police. I have also been in Helmand and watched how the Afghan police have worked side by side with the Afghan army and with the British civilian and military efforts. That has been a successful operation, and by building out of these successful operations, we will get the progress that we need for the future. Yes, national police training is essential. Quality is necessary, as is a corruption-free police force, and people will have to move around the country, because the recruits come from areas that are not necessarily the areas where we need people to be placed. However, the measures that we are putting in place—including the national police training academy—are designed to achieve that.

Mrs. Madeleine Moon (Bridgend) (Lab): The role of non-governmental organisations and skilled civilians from across Government Departments, working alongside the Army, is critical to a comprehensive approach to supporting and building civilian capacity. Will the Prime Minister tell the House whether UN resolution 1325, which builds on the important role of women in working to build civil capacity and towards peace, is part of our overall approach in Afghanistan?

The Prime Minister: It must be and will be. I would be happy to talk to my hon. Friend about how we want to move this forward after the end of questions.

Malcolm Bruce (Gordon) (LD): Following that question, will the Prime Minister acknowledge that President Karzai is excluding women from his Government? In his discussions with President Karzai and Dr. Abdullah yesterday, what steps did he take to ensure that women will have a significant presence in any new Government, however it is formed, at both a national and a local level and that they will have access to secular courts of justice rather than having to rely on sharia?

The Prime Minister: I can tell the right hon. Gentleman that I have regularly spoken to President Karzai about the need to respect the rights of women in the laws that are being enunciated in Afghanistan. I have sought from him regular assurances that there will be no changes in his position. The laws that are passed in Afghanistan must avoid discrimination against women and discrimination against the human rights of girls as well as those of women.

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): The right hon. Gentleman has said that the additional deployment is dependent on coalition countries taking a fair share. Will he tell us what he means by that? What assurances has he received, and will he give an undertaking that we will not see an additional deployment of British troops until other coalition partners have made their intentions wholly plain?

The Prime Minister: First, what I meant was that there has been no announcement yet from America about what its future disposition will be. We want to work with the Americans as well as with other allies to find the best way forward for our work in Helmand as well as in the rest of the country. I also meant that consultation between our country, other NATO countries and partners external to NATO will take place very soon. I believe that we will have announcements from America, in particular, in the next few weeks.

Mr. Adam Holloway (Gravesham) (Con): Frankly, I am staggered at the Prime Minister's characterisation of the deaths from IEDs as being caused by foot patrols and not by the lack of helicopters. Commanders regularly complain of unnecessary logistical road moves. Will he not admit that many of these people are dying for lack of helicopters—yes or no?

The Prime Minister: The hon. Gentleman will have seen that Tim Radford, who commanded Operation Panther's Claw, said that the operation was not hampered by the absence of helicopters. The hon. Gentleman must recognise that the deaths that have occurred from IEDs have occurred in different ways—some have been from vehicles that have been blown up and some from foot patrols—and he must look at the evidence.

Sammy Wilson (East Antrim) (DUP): From the long IRA campaign in Northern Ireland, we recognise the value to terrorists of being able to set up training bases in the haven of a safe foreign country. For that reason, we believe that the troops in Afghanistan are doing a sterling service for all people in the UK. I also welcome the Prime Minister's announcement that we are now spending £3.5 billion on supplying troops, but given the reports about the unreliable equipment, the underestimation of the reserves that are required and creaky procurement in the MOD, what efforts are being made to ensure that the money is being spent on the right equipment and on an effective supply chain?

The Prime Minister: We are giving more money to the Afghan effort, not less. The money has gone up substantially over the past few years and for one reason—we want our troops to be properly equipped. Let me make it absolutely clear that the people who are in Afghanistan are in the numbers required for, and are equipped for, the operations that we agreed. If different operations were agreed, there would have been different numbers, but the numbers were there for the operations that were agreed and to meet the requirements of those operations. There should be at least some understanding of that. Of course, there could have been different operations and different numbers, but for the operations that were carried out, the forces that were required were there.

Mr. Shailesh Vara (North-West Cambridgeshire) (Con): Was the Prime Minister asked for a further 2,000 troops or not? It is a straightforward question, and a straightforward yes or no will do.

The Prime Minister: It is a straightforward question and I have answered it on many occasions, including before the Select Committee on Defence. A number of options were put to us, but not one of them included 2,000 extra troops.

Mr. Andrew Mackay (Bracknell) (Con): Returning to the vexed problem of backsliding by certain of our NATO colleagues, which makes it difficult for those of us who strongly support the mission to persuade our sceptical constituents, what more is the Prime Minister going to do to name and shame those colleagues and make it clear to them that the NATO alliance will crack without their full participation?

The Prime Minister: I think that I should tell the right hon. Gentleman—although he might not accept it—that over the past few months, in the run up to the election, additional troops were put in by some countries. That was a result of the meeting of NATO that took place on the borders of Germany and France earlier this year, where a number of countries committed to extra troops. We said—this was controversial, because some Members of the House did not agree with it—that we would review the position after the Afghan elections and in the light of General McChrystal's review. That is what we have done, and it is what we will ask other countries to do, too.

BILL PRESENTED

Equalisation of Tariffs for Gas and Electricity Bill

Presentation and First Reading (Standing Order No. 57)

John Austin, supported by Dr. Alan Whitehead, Dr. Vincent Cable, Mr. Andrew Dismore, Miss Anne Begg, Susan Kramer, Dr. Brian Iddon, Peter Bottomley, Mr. David Drew, Mr. Martin Caton, John McDonnell and Mr. Don Foster, presented a Bill to require the Secretary of State to make regulations for the purpose of equalising certain tariffs for gas and electricity; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 16 October, and to be printed (Bill 150).

Cervical Cancer (Minimum Age for Screening)

Motion for leave to introduce a Bill (Standing Order No. 23)

1.47 pm

Mr. Brooks Newmark (Braintree) (Con): I beg to move,

That leave be given to bring in a Bill to require NHS bodies in England to provide cervical screening for women aged 20 and over.

The Bill would bring England in line with Wales, Scotland and Northern Ireland, which all begin screening at the age of 20. Cervical cancer is the second most common cancer in women under 35 in the UK. Every year, more than 2,800 women in Britain are diagnosed with cervical cancer, and every year 1,000 women die from the disease. Thankfully, regular cervical screening can detect and treat early the abnormalities that, if left untreated, could lead to cervical cancer. Since the launch of the NHS cervical screening programme in 1988, early detection and treatment has had an excellent success rate. More than 90 per cent. of screening results come back normal, but for the few whose results do not, the test can, quite simply, make the difference between life and death.

The new human papillomavirus vaccination programme—HPV—was also introduced last year for girls aged between 12 and 15, and this autumn it will be extended up to the age of 18. So, we have a vaccination programme that ends at the age of 18 and a screening programme that begins at the age of 25. That leaves young women between the ages of 18 and 25 caught in a medical limbo, eligible for neither vaccination nor screening.

My Bill seeks to narrow that gap. By making cervical screening available to any woman aged 20 and above, an extra 1.3 million women would have the choice of cervical screening. The support for lowering the screening age to 20 comes from organisations that range from Marie Stopes International and Jo's Trust to *The Sun* newspaper, which ran a petition with over 108,000 signatures. In addition, recent polling by Harris for the *Metro* newspaper showed that 82 per cent. of 16 to 24-year olds in England agree with lowering the screening age.

In 2004, the Government raised the age from which cervical screening can begin from 20 to 25. Their justifications were that cervical cancer is rare in women under 25, that the anxiety and stress of unnecessary investigation and the treatment for abnormal cells is proportionally excessive, and that the age limit is now in line with World Health Organisation recommendations.

Cervical cancer may be rare in women under 25, but it is inexcusable to dismiss the cases that occur as negligible statistics. Unnecessary investigation and treatment when an abnormal test is proved wrong may be stressful, but it is not for the Government to presume to know best what young women want. If a young woman knows the risks associated with treatment, the decision about whether to proceed with screening and any further treatment should, by rights, be hers alone.

Although the Government claim that raising the screening age to 25 brings it into line with World Health Organisation recommendations, the age at which screening

[Mr. Brooks Newmark]

can begin varies across the world. Oddly, England has chosen to raise its screening age and be out of step with even its closest neighbours. When England raised its screening age in 2004, Scotland, Northern Ireland and Wales all kept screening from the age of 20. In America, screening also begins at 20, or within three years of first sexual contact, whichever is earlier. In Australia, screening begins even earlier, at the age of 18. England's screening age of 25 looks out of step by comparison.

So why do our Government have a blind spot when it comes to this critical health issue? I fear that it may be down to Budget restrictions: this Government's mismanagement of the country's finances over the past 12 years has forced them to cut critical health care services—an observation clearly supported by many 16 to 24-year olds in England, according to a recent poll by Harris.

The Government are concerned about funding, yet the numbers attending for cervical screening are actually falling. In 2007-08, a quarter of those invited did not attend. Alarmingly, the biggest drop was in the 25 to 29 age bracket, with attendance numbers falling from 79 per cent. in 1998 to 66 per cent. in 2008. Although I understand that demand for screening may have increased in 2009 due to the Jade Goody effect, we cannot rely on those numbers being sustained.

The Government's health policy needs to move with the times and be realistic about changing lifestyles. Young women are now more at risk from cervical cancer than ever before, as the contributory causes of unprotected sex and smoking are on the rise. At some point in their lifetimes, 75 per cent. of sexually active men and women come into contact with the HPV virus that causes cervical cancer. With British teenagers now becoming sexually active earlier, the chance of a young woman developing serious cell changes and early-stage cancer before the age of 25 is increasing.

As I mentioned earlier, there is another weapon in the fight against cervical cancer—vaccination. It is not my intention in this speech to examine the rights or wrongs of that vaccination, as my hon. Friend the Member for Reigate (Mr. Blunt) has already highlighted that in a previous Adjournment debate. However, the vaccination programme has implications for the Bill that I am proposing today.

I am concerned that some young women could see vaccination as a "silver bullet" solution, leading them to assume that it has protected them from all risk and that there is now no need for them to attend their screening appointment. Screening and vaccination share a common purpose, yet Government policy seems contradictory. Even by their own admission, the Government do not yet know the full risks of the HPV vaccine Cervarix, but nevertheless they are pressing ahead with the programme. Yet the same lack of certainty exists in the risks outlined in the Government's argument against reducing the screening age to 20. That just does not stack up. One cannot use the same rationale in support of one cervical cancer prevention scheme and in denial of another. What is so frustrating is that there was, until 2004, a good, sound policy in place. The Government requested a further review earlier this year but, unfortunately, they have decided to stick with the latest guidelines.

I hope that the argument that I have presented today will convince the Minister that there is still a strong case to be made for lowering the age of cervical screening back down to 20. With this Bill, we have the opportunity to try and beat one of the deadliest cancers in this country; we must take it. I commend the Bill to the House.

1.55 pm

Dr. Evan Harris (Oxford, West and Abingdon) (LD): I rise briefly to oppose this Bill. I do not do so out of any personal animosity towards the hon. Member for Braintree (Mr. Newmark), whom I know well from our work on the Health Committee, but because I think that the premise on which it is based is entirely flawed. I was not sure what the hon. Gentleman was going to say, but what he said made me more convinced of the need to put on record the scientific evidence for the approach taken by the Government.

I do not lightly defend what the Government are doing, but I think that they have been absolutely right about both the screening programme and the introduction of a vaccination programme. I want the House to consider the nature of a screening programme, and to show hon. Members that the way in which it is being done in England is appropriate. In addition, I want to show that the reference that the hon. Member for Braintree made to the vaccination programme was flawed.

A good screening test must be both sensitive and specific—"sensitive" in the sense that it must pick up as many as possible of the things that is designed to find, and "specific" in the sense that it should not pick up what it is not supposed to find. The problem of false positives leading to treatment is a real one, and there are two difficulties with screening at a young age. First, the condition being sought is rarer in the young, and there is good evidence that the lesions that are suffered do not progress as quickly as is the case when the person is older. Secondly, early screening can lead to over-treatment, the risks of which—especially given the possible impact on fertility—are greater among younger women.

When talking about the use of public money, it is not good enough to say that a non-evidence-based screening programme that is neither sensitive enough nor specific enough will be introduced, and then to leave it to people to make the choice. The funding spent on such a programme could be spent on other interventions to treat established disease or to screen in other areas of ill health where the evidence is better. It is not good enough to say that the matter can be left to individuals to make the choice, because the spending decisions involved have to be made responsibly.

It is certainly not logical—I am afraid that it is totally illogical—to talk about the existence of a gap between the ages of 18 and 25. The hon. Member for Braintree said that the catch-up programme ended at 18 and that the screening programme started at 25, but it is not an either/or matter. People who are vaccinated will go on to get screened. The fact that the catch-up programme ends at 18 makes it an independent variable, and there will be no more catch-up after the programme has taken place. The gap will widen as more people are vaccinated, but the hon. Gentleman's statement was both meaningless and misleading.

When we look at whom to trust on these matters, it is important not to listen to politicians or even—dare I say it?—to journalists. The hon. Member for Braintree cited evidence from *The Sun*, so I want to refer to a recent edition of the *British Medical Journal*, which I mentioned to him earlier in the summer.

In the *BMJ* edition of 8 August 2009, a study by Sasieni and colleagues asked:

"Does the association between cervical screening and a subsequent decrease in the incidence of cervical cancer vary with age?"

The summary answer was:

"Cervical screening at ages 35-64 is effective at preventing cervical cancer. It is less effective at ages 25-34 and has no effect at ages 20-24."

That is a pretty clear judgment, so it is not as if there is a benefit to be set against the risks; on the basis of the study, there does not appear to be a benefit.

I always caution hon. Members against listening to the results of one study, because one study may not be representative of the field. Usefully for us, the *BMJ* commissioned an editorial commenting on that study and a number of others. The editorial, by Guglielmo Ronco of Turin, summarised the study and said that, according to the study, screening is effective only from the age of 35. It said that

"effectiveness in preventing cancers in the five years after screening is limited below age 25".

It commented:

"The large sample size allowed analysis of the cancers by stage",

and there was no finding, when the cancers were stratified by stage, that undermined the conclusions made. The editorial went on to say:

"The question is whether to screen younger women, and if so, how? In many developed countries the low incidence of invasive cervical cancer and the lack of effectiveness of screening in young women indicate that screening should not start before the age of 25. For women aged 25-34, screening with HPV testing alone is much more sensitive than screening with cytology, but it is also less specific."

That is a reference to another technique that could be used for screening, which it would be useful to debate. We might debate whether we should test for the presence of the human papillomavirus, because that test has greater sensitivity. However, one would find people with the virus who did not have any lesions and were therefore clearly not likely to develop cancer at that point. There is an argument that we should look into that, and I hope that the Government will continue to examine that area.

The hon. Gentleman mentioned the cervical cancer or HPV vaccination programme, and it is important to say a word in defence of it. There is very good evidence that it will save lives, because of the very high effectiveness of the vaccine at preventing infection with HPV, which has been demonstrated to be the cause of many cervical cancers. There is clear evidence of benefit, and I urge parents—as do the Government and, more importantly, medical experts—to ensure that their children are vaccinated.

Of course, it is impossible to say that any vaccine is entirely safe. That is not something that should be said, or that can be said. However, it is a matter of balancing benefits against risks. There is great known benefit to the programme, and if there is a risk, it is known to be small. I very much regret, as I hope that the hon. Gentleman does, the coverage of the issue in *The Sunday Times* two weeks ago. In an article asking, "What has cervical cancer drug done to our girls?" it cited the case of Natalie Mort, who died after having the vaccine, but who, post mortem, was found to have a tumour in her chest. The pathologist said that it was

"so severe that death could have arisen at any point".

It is extremely disappointing that the article went on to quote a parent—

Mr. Deputy Speaker (Sir Michael Lord): Order. The hon. Gentleman is straying from the proposed Bill. Perhaps he could return to it.

Dr. Harris: I take your point, Mr. Deputy Speaker. Clearly, the issues are interlinked, but I think that I have made the point about coverage. I urge the House to consider, when thinking about the Bill, the role of evidence-based policy making. Given that there are different screening ages across the world, it may well be, certainly on the basis of the reviews that I have read of the evidence, that this country has got it correct, not only with regard to cost-effectiveness, which is always controversial, but with regard to actual effectiveness. That is not to understate the upset that can be caused when young women develop cancer prior to screening. Such cases occur, rarely; we know of such cases, including one that was mentioned by the hon. Member for Braintree. I recognise his commitment to the important and devastating condition that we are discussing, where it occurs, but such feelings are not a substitute for proper, evidence-based policy making, and I urge the House not to support the legislation.

Question put and agreed to.

Ordered,

That Mr. Brooks Newmark, Mr. Fraser Kemp, Angela Watkinson, Mr. John Baron, Simon Hughes, Ms Sally Keeble, Susan Kramer, Mrs. Eleanor Laing, John McFall, Mrs. Ann Cryer and Mr. Nick Hurd present the Bill.

Mr. Brooks Newmark accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 16 October and to be printed (Bill 149).

Opposition Day

[17TH ALLOTTED DAY]

Higher Education

Mr. Deputy Speaker (Sir Michael Lord): I must tell the House that Mr. Speaker has selected the amendment in the name of the Prime Minister.

2.5 pm

Mr. David Willetts (Havant) (Con): I beg to move,

That this House congratulates those who have secured a higher education place for 2009-10 and wishes them well in their studies; regrets the increase in the number of applicants unable to secure a place this year; further regrets the financial difficulties faced by up to 175,000 students who started term without the loans and grants to which they are entitled; believes it is unacceptable that three-quarters of a million telephone calls to the Student Loans Company went unanswered in three months and that an avoidable contact policy was adopted; notes with regret that warnings about the problems in Student Finance England appear to have been ignored; asks the Government to clarify the treatment of emergency loans made by higher education institutions; regrets the problems faced by international students as a result of the poor implementation of the new visa system; notes the need for additional, fully-funded, higher education places in 2010-11; calls on the Government to consider new ways to improve access to university for 2010-11; further calls on the Government to provide more information on its planned sale of the student loan book; and welcomes the idea of a cross-party student finance review to look at the long-term sustainability of the higher education sector, a fairer deal for part-time students and links with further education.

We called for this debate at the very first opportunity since the House came back from recess because of the widespread and deep concern felt, I am sure, in all parts of the House about the financial uncertainties facing students who are starting university this year. Students, especially those starting university, should not have to face the financial distress, uncertainty and anxiety that many of them are, sadly, now confronting because of problems with the delivery of their student loans. I am sure that all of us will have received e-mails, letters and messages from students who are constituents of ours. I think of a student at Liverpool John Moores university who e-mailed me only yesterday. She said:

"I find it diabolical that my loan is this late, that the Student Finance company are aware of the fact that I have a three year old, that I've got no money, I can't afford to pay nursery fees and frankly, I find it absolutely shocking and downright unacceptable to be ignored in this manner. I have NO money at the moment—I NEED my loan in order to live."

That is the type of e-mail that we are receiving.

We are also receiving messages from the National Union of Students and student unions across the country, which are aware of the problems. I should particularly mention the university of Wolverhampton student union, which has been exceptionally active on the problem. We are also hearing about it from universities and vice-chancellors. I shall quote a message that I received from the vice-chancellor of my local university, Portsmouth university, yesterday. He said that he has already had to give emergency loans and grants to 217 students, and said:

"We anticipate that this will grow rapidly because students arrive with some money, which is now running out. Later this week we shall need to defer the first accommodation payment for those whose funding has not arrived, which is a significant cash flow issue. If one third of our students cannot pay their first instalment, we shall be short of £1 million until the payments are received."

He goes on to make a point that many people are making to us:

"Students are becoming very frustrated with lost applications, lost or not received duplicate applications, failure to alert the student of insufficient documentation until the student rings them and then being put to the back of the system on receipt of these."

The situation is a shambles, and it is causing enormous distress to many students. Ministers have been trying to avoid responsibility for that by hiding behind the Student Loans Company. I very much hope that when we hear from the Minister for Higher Education and Intellectual Property in a moment, he will give a frank account of what has gone wrong and what he will do about it. Ministers cannot escape responsibility for what has happened. For a start, the system is one that they introduced; it is a consequence of a report that they commissioned, entitled, rather ironically, "Improving the Student Finance Service". In a written statement on 3 July 2006, the Minister's predecessor, the hon. Member for Harlow (Bill Rammell), announced the new system. Previously, assessments were made via local authorities. In that statement he said:

"The student finance service needs to be as simple and accessible as possible to students, parents and graduates.

As well as clearer information, faster decisions, timely payments and accurate repayments, the transformed service intends to provide taxpayers with better value for money".

That was the promise three years ago. The reality, of course, is shockingly different. We are talking about a system that Ministers themselves designed. It is also a system whose complexity goes back to policy mistakes made in the late and not really lamented Department for Innovation, Universities and Skills—an extraordinary system in which three separate years of students each has a different regime for maintenance loans and maintenance grants, because the system has been changed year after year, creating extraordinary levels of complexity.

When we look into the detail of what happened, we find that the papers that students send in are sent to Darlington. From Darlington they are taken by truck to Glasgow, where they are supposed to be electronically scanned in. We are told that the electronic scanners in Glasgow do not work properly, so the papers are put back on a truck and taken back down to Darlington, where much of the data is apparently being manually input because the electronic scanning procedures do not work. There is a helpline where the phone is rarely answered. E-mails go unanswered and the website is often inactive.

I have to say to the Minister that the ghosts of standard assessment tests, education maintenance allowances and tax credits are hanging over this debate. He must take some responsibility for tackling the problem, especially as these difficulties were predicted months, if not years, in advance at meetings attended by senior officials of his own Department. The company forecast—we have this from the minutes of a meeting on 15 July 2008 attended by one of his senior officials—that 40 per cent. of all calls would be abandoned because customers would find the line engaged. The company forecast that it would be receiving three times as many e-mails a day as it was possible to process.

The Department's response to these looming problems was a policy whose official name was—anyone would think I was making this up—minimising "avoidable contact" with students and their parents who were trying to get the loans and grants to which they were entitled. That is the story of incompetence, made worse by the complacency of some of the assurances that we were getting regularly that the situation was all about to get better. It did not particularly inspire confidence when the deputy chief executive of the Student Loans Company, challenged on the fact that documents appeared to be going astray and that the caseload was not being tackled, said that we should not worry because the documents were like lost car keys:

"It's a bit like losing your car keys—you think you have lost them, but they are in the house somewhere"—

which is not quite good enough for students and their parents.

I wrote to the great panjandrum himself, the Secretary of State for Business, Innovation and Skills and just about everything else, on 11 September. His reply, as one would expect from Lord Mandelson, was prompt and courteous, but the distancing from the Student Loans Company made me think of a man carrying a noxious substance at arm's length while holding his nose. I could not have envisaged a Minister distancing himself more skilfully.

The Secretary of State begins by saying:

"I am told that this year the SLC has received a record number of applications".

"I am told"—was he perhaps at a cocktail party where this was mentioned? Did he read it on flicking through his press cuttings and say, "Oh dear, look what's happening to student loans"? "I am told"—did a minion perhaps bring this information in on a silver platter for the Secretary of State to consider? He should have been told because he is the Minister responsible for an organisation that belongs to his Department and also to the Scottish Executive.

The Secretary of State says:

"I am told that this year the SLC has received a record number of applications"

This year is the first year that the system has been operating. It did not operate in the same way in any previous years. This year is the first year when the problem has arisen because this year is the first year when Ministers' policy has been in operation.

"I am told that this year"—

I admire the skill. One can already sense the Secretary of State shimmying round a problem for which he ought to be held accountable. He goes on to say:

"I understand the Company has told all students who applied before the relevant deadline that they will receive confirmation".

We would love to hear from the Minister what this deadline is. There are various deadlines at the end of the application form. They are not on display on the website, and some of them are very early indeed. We would like to know what the deadline is.

Lord Mandelson goes on to say:

"As you know"—

that is very encouraging; the Secretary of State knows that he and I share this understanding—

"demand for university is up this year and this has put some pressure on the SLC's helplines."

That means that people cannot get through. The response from the Secretary of State is exquisite in its ability to distance him from any practical responsibilities for which he and the Minister for Higher Education and Intellectual Property ought to take some responsibility.

We would like to hear from the Minister a response to the following practical questions. First, how many students are still affected by the problem? There was a figure of 50,000 at one point. We have seen from a freedom of information request that there seems to be a gap between the 1,092,000 applications for student support across all three years and the 916,000 that have been processed. That would suggest a far larger gap of 175,000, so will the Minister please give us, first of all, an accurate up-to-date account of how many students are affected?

Secondly, the Secretary of State says that everybody who applied before the deadline is okay, but what was the deadline? Was it last June, long before students had their A-level results and long before clearing had started? What was the deadline? Thirdly, when will the problem be tackled? When will it be sorted? Can the Minister give a guarantee and a date by which time students who are still facing uncertainty will get the information that they need about their grants and loans? In particular, can he guarantee that the problem will be solved before the process of applications in January starts? Some students start at university in January or February; they do not all start in September.

Fourthly, what about the costs being incurred by universities? There is the access to learning fund, which many universities are having to use to help their students in financial distress, but the access to learning fund—whose size, incidentally, has already been reduced—was intended to help students who are under financial pressure through the year as part of the regular process of assisting students with modest incomes. It is not supposed to be spent in the first few months tackling a financial crisis not of universities' or students' own making. What financial support will the Minister offer to universities in these difficult situations?

Fifthly—this is an area where the Department is adding insult to injury—will the Minister confirm that the main helpline number being used by students and their parents to get information is an 0845 number? Will he confirm that there are no numbers other than the 0845 number, and will he confirm that this is contrary to Ofcom guidance, which recommends that public bodies should not use such numbers exclusively? Will he tell us how much money is being made by the Student Loans Company obliging people to use an 0845 number and then leaving them hanging on, sometimes for a very long time?

Sixthly, will the Minister undertake regular reports to Parliament, now that Parliament is back? Instead of FOI requests and suchlike, will we now have a regular update on what is happening?

Those are some crucial practical concerns. So far the response of universities, students and the National Union of Students has been far more imaginative than anything we have heard from Ministers. Universities UK talks about universities delaying payment for university accommodation, which we know is going on. We know that universities and the NUS are prepared to write to private landlords to ask them to be sympathetic to students who cannot pay their rent, and that they are trying to help students with child care payments. The

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initiatives are all coming from universities and students. From Ministers we have heard nothing, and we now need to know what they are going to do.

While the Minister is present, and as the motion ranges beyond the subject of the Student Loans Company, important though that is, will he also clarify the Government's position in two other areas that are of great public interest? The first is the sale of the student loan book, on which we had a statement in answer to an urgent question earlier this week. We believe that the Government had £6 billion of proceeds from the student loan book marked down for the future. It looks as if they now propose to increase that figure, so it would be very interesting if the Minister for Higher Education and Intellectual Property could tell us the new figure, because the sale of the student loan book was specifically identified as one item on which the Government would draw to meet their new target of an extra £3 billion in receipts. Does he still stand by the statement that he made on 14 July? He said:

"The Government still intend to make sales from the student loan book, but it is clear that this should only be done at a time when we can get a good return for the taxpayer. For the time being, the market conditions do not allow this."—[*Official Report*, 14 July 2009; Vol. 496, c. 373-74W.]

Is that still his view of market conditions? If so, where does he expect the extra proceeds from the sale of the student loan book to come from? Any further light that he can cast on that would be helpful.

The other area that is causing universities a lot of concern is the visa regime, which we refer to in our motion. We understand the need for tough and effective visa controls, but there are concerns from some universities about the scale of the delays that foreign students experience. Those people are incredibly important sources of revenue for British universities, but the registrar of the university of Warwick said:

"UK visa officials appear to have replaced red tape with red barbed wire".

Universities UK says that we are now

"in serious danger of sending out a message that the UK does not welcome international students".

The Minister will be aware of concerns about access to visas in places such as China, Hong Kong, Japan and Singapore. What measures are the Government taking to ensure that the necessary visa controls are implemented briskly and effectively and do not damage British higher education's reputation in the wider world?

The Minister for Further Education, Skills, Apprenticeships and Consumer Affairs (Kevin Brennan): I sense that the hon. Gentleman is moving towards a conclusion by his eyes flicking upward towards the clock, so I shall be brief. The Opposition's motion refers also to their belief that the Government should provide more places at university this year. Will he enlighten the House about how he plans to pay for the extra 10,000 places that he pledges?

Mr. Willetts: I certainly will enlighten the Minister on that point, because we think that Ministers are in an odd position. In their amendment to our motion, they claim credit for the large number of students going to university this year, but of course some of that is down to the demographic bulge that was caused by the higher birth rate in the early 1990s. Some of it, sadly, is also down to the fact that young people cannot find jobs, so, when they receive the qualifications at A-level, they apply for university. I accept absolutely the argument that when the economy is in such a mess, if young people with A-levels that qualify them for university wish to go, it is for them a far better option than their simply going on the dole.

At our party conference, we proposed an imaginative way of offering 10,000 extra, fully funded places for university students next year, when the demographic bulge will be at least as big and, sadly, unemployment will still be growing. For the summer of 2010, we propose a discount for early repayment of student loans, which would bring into the Exchequer extra cash that could be used to pay for extra student places. Our belief is that the extra student places—*[Interruption.]* The Minister for Further Education, Skills, Apprenticeships and Consumer Affairs mutters under his breath, "For those who are well off." The policy's crucial point is that the 10,000 extra student places will go to students from all backgrounds, and, in particular, we know that the best way to help students from modest backgrounds to get to university is to provide more places in total. That is the policy's crucial feature: it offers extra places at university with a clear, cash-flow benefit going to the Government in order to pay for it as a one-off measure in the likely student places crisis of 2010, which could, unless we take imaginative action, be at least as bad as that of 2009.

Kevin Brennan *rose—*

Mr. Willetts: The Minister wants to intervene again.

Kevin Brennan: Given that the money that the hon. Gentleman hopes his policy will return to the Government is money that the Government owe to banks, for the sake of clarity, what is the difference between his proposal and the Government undertaking additional borrowing, which I understand he opposes?

Mr. Willetts: Extra cash will go to the Exchequer in the crisis year of 2010, because that is the year when we envisage there being a bulge in the number of student applications. It will bring extra receipts to the Exchequer, and, if I may say so as we reassemble after three party conferences, the crisis of student places has been acute this year and could be as bad next year, but only one party had any imaginative proposals to offer more places for university students next year.

Peter Luff (Mid-Worcestershire) (Con) *rose—*

Mr. Willetts: I see the Chairman of the Select Committee on Business, Innovation and Skills trying to catch me eye.

Peter Luff: My Committee has had responsibility for universities for barely two weeks, and I am very sorry but a prior engagement means that I cannot be present to hear the Government's response. Through my hon. Friend, however, may I say to the Minister for Higher Education and Intellectual Property that I am disappointed that the Government's amendment does not refer to the visa issue? It has been very well flagged up and anticipated, and we were led to believe that the problem was being dealt with. I am concerned that it has not been dealt with effectively, and I look forward to reading what the Minister has to say about the issue in his remarks.

Mr. Willetts: I am grateful to the Chairman of the Select Committee, because that is a very important point.

The Opposition are committed to improving opportunities for young people—

Mr. Andy Reed (Loughborough) (Lab/Co-op): Will the hon. Gentleman give way?

Mr. Willetts: No, I am reaching my conclusion.

That means improving the opportunities to get young people into apprenticeships and training; getting them off benefit, as they suffer under a recession that this Government brought about; more places at university for them; and the proper administration of the loans and grants to which they are entitled. I therefore commend the motion to the House.

2.26 pm

The Minister for Higher Education and Intellectual Property (Mr. David Lammy): I beg to move an amendment, to leave out from "House" to the end of the Question and add:

"welcomes the record number of students attending university or college this year meaning more students benefiting from higher education (HE) today than at any stage in UK history; commends the Government for its record levels of investment in HE, an increase of over 25 per cent. over the last decade compared to a 36 per cent. decline per student under the previous Government; recognises the Government's commitment to expanding opportunities to participate in HE, including an extra 10,000 opportunities this year in courses related to science, technology, engineering and mathematics subjects and 10,000 recently-allocated additional student numbers for 2010-11; commends the Government's generous student support package and regrets that this year the Student Loans Company (SLC) has been unable to provide the level of service students and their families have rightly come to expect; notes that 800,000 English-domiciled students have already had their applications for funds approved and that following additional Government support the SLC has allocated extra resources to deal with enquiries and processing; further notes that the vast majority of students who applied within the deadline will have received their money, that interim payments are available for students and the Government's Access to Learning fund provides help for students suffering financial hardship; further notes the significant contribution international students make to the UK, and believes that the new student immigration system is effective and fair; and further notes the Government's confidence in future economic growth which will enable a viable sale of the student loan book."

I thank the Opposition for the chance to place on the record the Government's commitment to young people in higher education, which has clearly been one of this nation's great success stories over the past decade. I also welcome the opportunity to debate with the hon. Member for Havant (Mr. Willetts). I am fast learning that he rarely misses the opportunity to overstate his case. I think back, for example, to our exchanges before the recess, during which the hon. Gentleman confidently predicted the collapse of the clearing system this autumn—a collapse, needless to say, that never happened. Perhaps it is his reputed two brains that account for the tendency to provide twice the level of cynicism and hysteria every time he rises to speak at the Dispatch Box. Either way, I thank him, because on any analysis, the Government have a strong record to discuss.

The story of more people going to university, from a wider variety of backgrounds, to enjoy properly funded higher education is clearly a positive one. We do not pretend that nothing ever goes wrong. Indeed, the main subject of the Opposition motion today is that something has gone wrong in relation to the Student Loans Company, and in a few moments I shall turn to that issue. But let the House be under no illusion: my hon. Friends and I do not fear a debate about our record; on the contrary, we welcome it. Higher education has always provided a stark illustration of the difference between the Government's vision and that of the Opposition, and I, like the rest of the country, wait impatiently to find out the suite of policies that the Opposition propose.

I know, for example, that the hon. Gentleman has often stated his commitment to widening university participation. If only those wise aims were matched by wise means. Instead, we have heard a succession of sketched-out proposals that have vanished into thin air like smoke from the Bullingdon club's after-dinner parties. The hon. Gentleman has described the latest proposals in instalments over the past few months. One idea was to charge 8 per cent. interest on student loans. It is hard to think of a more effective deterrent to ordinary working-class students than that.

Ms Dari Taylor (Stockton, South) (Lab): Would my right hon. Friend also like to point out to the hon. Member for Havant (Mr. Willetts) that he is wrong when he states that old universities are letting students down?

Mr. Lammy: The hon. Gentleman is patently wrong, as my hon. Friend suggests; if he picks up this week's edition of the *Times Higher Education*, he can see the international rankings that demonstrate that that is not the case. It is not appropriate for someone who suggests that he wants to stand at this Dispatch Box and lead on higher education to talk down what our universities are doing.

Mark Pritchard (The Wrekin) (Con): Is it not the case, though, that not content with giving this nation a huge overdraft, the Government's failure to take action over the Student Loans Company means that many of my constituents are themselves suffering huge overdrafts—not only the students but the parents? They will be disappointed and surprised that, instead of mocking the very serious points made by my hon. Friend on the Front Bench, the Minister is not a little bit more contrite and humble and offering an apology to the people of Shropshire, who are suffering real financial hardship.

Mr. Lammy: I will discuss the Students Loans Company in a moment. The people of Shropshire will be deeply disappointed that those on the hon. Gentleman's Front Bench propose a £610 million cut in our budget. How would that support their endeavours to send their children on to higher education? That is the question that he should be asking.

The hon. Gentleman should also ask why the hon. Member for Havant proposes—we heard it again this afternoon—a 10 per cent. discount for graduates whose parents are rich enough to pay off loans early. That is clearly another equivalent to the Opposition's inheritance tax cut for some of the wealthiest estates in the country. He said that he would fund an extra 10,000 places, but that is money that he would not have to spend, and that the Government certainly do not have to spend, because the Government borrow the money from the banks in

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order to meet those tuition loan repayments. His proposal would therefore cost Government an additional £240 million across those academic years. Where would that money come from? What kind of a way is that to run the economy? How is it that he has failed to add up properly and proposed a policy that would actually plunge us into further debt?

Mr. Andy Reed: Although we welcome the expansion in higher education, is my right hon. Friend aware that one of the consequences of increased student numbers in Loughborough and other small towns is the rise in the number of houses in multiple occupation? It is imperative that he always considers the impact of that on the local community and does not increase student numbers just for the sake of it. I wanted to intervene on the hon. Member for Havant (Mr. Willetts) to ask how many of the extra 10,000 places that he is proposing could be sustained in relation to growth in those communities, because the figures just do not add up. Will my right hon. Friend ensure that not only the universities but the communities are taken into account when we expand higher education?

Mr. Lammy: I recognise that there are genuine issues in constituencies such as Loughborough about houses in multiple occupation. My hon. Friend will know that the former Secretary of State, my right hon. Friend the Member for Southampton, Itchen (Mr. Denham), who shares that concern and sees its effect in Southampton, has now found his way to the Department for Communities and Local Government, so action can be taken on two fronts.

Ms Dari Taylor: I had hoped that the hon. Member for Havant would give way on that point. Does my right hon. Friend acknowledge the veracity of the statement from vice-chancellors—perhaps not all, but certainly some—when they say: "If we are to have a further 10,000 places, is someone going to tell us where the classrooms and lecturers are coming from?" Those are very serious considerations.

Mr. Lammy: My hon. Friend is absolutely right. She recalls a moment in time during the early 1990s when the Conservatives increased participation but lowered the unit of resource—class sizes grew and facilities were poor. They failed to invest in research, and we subsequently had a Save British Science campaign. We cannot go back to that. She is right to remind the House of the hard choices that we face in government as we, by necessity, manage growth in the system.

Mr. Willetts: We have heard a quite extraordinary set of allegations in the past 10 minutes. There is no Conservative policy for an 8 per cent. interest rate for students, there is no £620 million cut, and the 10,000 extra places would be properly funded with extra cash going to the Exchequer. I suggest to the Minister that in the remaining 10 minutes of his speech he focuses on a practical problem facing students and their families now and offers some explanation of what has gone wrong with the Student Loans Company system and what he is going to do about it.

Mr. Lammy: It is my speech and I will make it as I want to.

The hon. Gentleman's constituents will also be concerned that according to today's edition of the *Evening Standard*, the Conservatives are saying, in advance of an independent review, that students should pay £7,000 in fees. That is what they are saying to the country. That is extraordinary given that we have said that we will set up an independent review and we have sought to consult Opposition parties on it. I was surprised to read that proposal before I came into the Chamber.

Mr. Willetts: So was I. I can tell the Minister that there is no such Conservative policy; as we make clear in our motion, we believe that student finance is something on which there should be a cross-party higher education funding review.

Mr. Lammy: On the sale of the student loan book, the hon. Member for South Holland and The Deepings (Mr. Hayes) supported that measure in this House back in 2007, before the global economic crisis made raising money from assets a necessity, as it is now. In March, I said clearly that the time was not right and we would suspend that sale. It is now October. As the Prime Minister, the Secretary of State for Business, Innovation and Skills and the Chief Secretary to the Treasury have made clear, following the progress that Volkswagen and Lloyds have made as regards the securities market, we will test the market. We will of course seek to get value for money on behalf of the taxpayer, but it is right that we test the market to see whether we can make that sale possible.

Mr. John Hayes (South Holland and The Deepings) (Con): The Minister is right. We support the principle of selling the student loan book—when the time is right. He will remember that my hon. Friend the Member for Reading, East (Mr. Wilson) and I made it absolutely clear at the time that a value-for-money criterion was critical. Following today's debate, will he commit to making that funding criterion—a framework that he must have in the Department; he would not be diligent if he did not—available to the House so that we can see on exactly what terms the loan book will be sold?

Mr. Lammy: As the hon. Gentleman knows, the Treasury will make that assessment on the basis of the market as is appropriate at the time.

Let me turn to recent events at the Student Loans Company. We have already heard something about that from hon. Members. This year, the whole university applications and admissions process has faced unprecedented demand brought on by the effects of the recession. Unemployment, especially youth unemployment, has risen, and it is clear that this has caused many more young people to apply to university, and for student support, than might otherwise have done so.

Faced with these pressures, the Student Loans Company has fallen short of public expectations in responding to increased demand. While it is true that, as at this moment, 640,000 students in England have been paid by the SLC this year—more people than ever before at this point in the year—I share the concern of Members in all parts of the House that a minority of students have not received their funding in good time ahead of the new academic year. That is unacceptable and falls short of what the public can expect.

This year's problems have had a profoundly regrettable effect on individual students and their families. Even when they have not led to financial hardship, they have undoubtedly caused worry and frustration, particularly for parents attempting to get through on the phone lines. The company's chief executive has already publicly apologised for the difficulties that customers have had in contacting it. Its chairman has also apologised to customers for their experiences this year, and I repeat that I, too, am sorry for what parents and students have experienced. I also share Members' frustration at the disappointing customer service provided by the Student Loans Company. Many students and parents have not been able to get through to speak to an adviser and find out about their application. Others have been confused about the process and what is happening with their application at an important time in their life.

In anticipation of increased demand, I provided the SLC with all the resources that it asked for in this financial year—an additional £6.9 million—to fund increased costs to the organisation. Problems began to emerge in early September, and I met the chief executive and deputy chief executive of the SLC on 8, 10, 14 and 24 September to express my concern and ensure that action was taken. To support the SLC further, I made available an additional £230,000 of funding in September to help put a number of measures in place. They included a 70 per cent. increase in the number of phone lines, recruiting additional staff to answer phones, paying more staff to work overtime, increasing call centre operating capacity by about 35 per cent., reminding students and parents that they could check the status of their application online and improving answers to the most common inquiries.

The SLC has now stated its target that anyone who submitted an application on time, with the correct information, will receive their full payment by the end of October. It is now vital that it learns the lessons of this year and plans for improvement next year. I have received a letter from the chairman of the SLC setting out his initial view of what happened in the first year of the transition to a fully centralised system of financial support for students in England. However, there needs to be a thorough consideration of the matter. To that end, I have invited Professor Sir Deian Hopkin, the former vice-chancellor of London South Bank university, and Bernadette Kenny of Her Majesty's Revenue and Customs to bring external scrutiny, expertise and challenge to the company's review of lessons learned from this year and its preparedness to meet the challenges of next year. The SLC itself is on record as acknowledging the need for such an exercise, but I am determined that the process should involve the external challenge and expertise needed to provide a frank assessment of what went wrong and a series of thorough proposals for the future.

Mr. Willetts: I am grateful to the Minister for the much more sober tone that he is now adopting. Will he clarify two points? First, he said that 640,000 students had got their money through. What is his latest estimate of the number of students who have applied, or are going to university, but have not yet had their financial assessment completed and are not yet receiving funding?

Secondly, the Minister mentioned the target for anyone who submitted their application on time. It is extremely difficult to pin down on the website what "on time" means. A lot of students are asking when the deadline was.

Mr. Lammy: The deadline was at the end of June. The hon. Gentleman will appreciate that many people who apply for student finance do not ultimately go to university. Others apply solely on the basis that they have entered the clearing process. With the increase in demand this year, there was a huge growth in the number doing that. The SLC says that it is currently receiving about 5,000 applications every week, but he will understand that not all those applications result in students actually going to university. The company has to process them, but some people are assessing what their finances might be if they went to university, and some are not successful in getting to university at their first attempt.

There has been a big increase in the number of applications. In fact, 830,850 applications have been processed, which is 49,000 more than last year. There are 77,000 applications in processing, and we understand that 71,200 students are not eligible or have withdrawn. It will be a moveable feast over the course of the next few weeks as students enter university. Of course, some students apply at that point, and this year there has been a growth in the number doing that. Some enter university and decide that it is not for them and drop out in the early months of their course, or switch institutions.

There are complexities to the numbers, but of course I do not withdraw from what I have said—that the standards of service that the public have come to expect from other big call centre operations, be they NHS Direct or HMRC, have not been met. The review will consider governance, programme management and processing, and I want it to report quickly so that its recommendations can be incorporated into the SLC's preparation for next year's processing.

Stephen Williams (Bristol, West) (LD): In his response to the hon. Member for Havant (Mr. Willetts), the Minister said that many students drop out of their studies at this stage. Does he recognise that the reason why a lot do so in their first year is financial hardship, and that the current situation makes it more likely that students will drop out?

Mr. Lammy: There are a range of reasons why students drop out of university, and the hon. Gentleman will be aware that through the widening participation component of the block grant that we make to universities, particularly those that specialise and have considerable expertise in supporting more vulnerable students and those from more deprived backgrounds, we provide money that supports the retention of such students at university. As the hon. Member for Havant said, we also provide £45 million to our universities through the access to learning fund, to support students through what are normally called "hardship funds". Those funds are being drawn on to support students at this time in particular.

It is important that we bear in mind that it is 14 October, and most universities' terms began two weeks ago. We are at the beginning of the process. However, the situation has not been good enough, the demand was not anticipated, there have been problems with scanning and technology and trialling has not been effective enough. Too many people have not been able to get through on the phone, and automated e-mails have driven people to want to phone, increasing demand even further. That must be the subject of a lessons learned exercise.

David T.C. Davies (Monmouth) (Con): The Minister is, as always, talking the good talk, but does he not accept that the reality in Members' constituencies is a lot of frustrated students? They are not just those going to university but students such as those in my constituency who want to study at The Hill college in Abergavenny but are unable to do so because the Welsh Assembly have cut their funding. I know that he will say that that is not his responsibility, but my constituents are suffering as a result of the policies of his Government both here and in Cardiff bay.

Mr. Lammy: That is a nice try, but as I have said before, the hon. Gentleman will be aware of his party's commitment to £610 million-worth of cuts and the effect that that would have at this time.

The SLC's current operational difficulties are unfortunate, and I have described to the House the measures that are in hand to deal with them to ensure that they are not repeated. However, they should not distract us from the real issue, which is the Government's success in building our world-class higher education system, our resolve in ensuring that the system is truly fit for the challenges that we will face as a nation in future, and our unswerving commitment to building aspiration among young people from ordinary and, especially, underprivileged backgrounds, for the many benefits that higher education brings.

That is in stark contrast to the Conservatives, who offer not a renaissance, but a risk that the country cannot afford. They asked to be judged on how they treat the poorest in society, only to offer unworkable and wasteful discounts to students from the richest families in the country, and they have nothing to say on social mobility and widening access to university. They promise to peg down debt, only to make spending commitments that they cannot afford. Having promised people that they have changed, they revert back to a Thatcherite core, opposing the help that businesses need to stay solvent, the help that families need to stay in their homes, and the help that young people need to invest in the future.

The past few months have reminded us that the Conservatives are in opposition for a reason. Neither credible nor compassionate, they offer nothing more than the echoes of their discredited past. As the country emerges from the economic shock of this century, what people need, especially our young people, is not hollow rhetoric, but support, and opportunities to contribute to this country's renewal.

2.52 pm

Stephen Williams (Bristol, West) (LD): Many of us will have a sense of déjà vu today. Just before the summer recess, we had many debates and discussions about the crisis and shambles over which the Minister of State was at that time presiding—the lack of places in higher education to meet demand. This summer, on behalf of my party, I covered A-level results day. In previous years, the debate has been centred on standards. This year, after seeing television pictures and photographs of elated students receiving their results, we saw some heartbroken students who had realised that their place was not guaranteed and who had no idea what was going to happen to them in clearing. We will not know until next week, when UCAS releases its final figures, the status of such applications and how many people's success at obtaining results has led to disappointment at not obtaining a university place.

Today, however, we are concerned with yet another shambles presided over by the new Department. According to various press reports in the past few days, at least 100,000 students are yet to receive confirmation of their grants or maintenance loans. It has also been reported that first-year students have been hard hit. According to information released to the BBC under a freedom of information request—it is a shame that the BBC had to obtain the information that way and that the Student Loans Company or the Government were not more open with students and their parents—28 per cent. of applications by first-year students had not been processed by last week.

We know that universities are able to be flexible, particularly with first-years, regarding, for instance, hall fees, which after all are entirely under university control, but what about students who are having to pay private landlords, rental deposits or the finding fees that letting agencies demand? Hon. Members who represent university constituencies, including my hon. Friend the Member for Manchester, Withington (Mr. Leech) and I, will know about those fees. What about students who have child care considerations and fees to pay? They cannot at the moment be certain that they will have access to the money that they need to meet those obligations.

I am especially concerned about non-traditional students who have accessed university for the first time. On Monday, our first day back following the summer recess, it was my great pleasure to host a reception in the Members' dining room for the Helena Kennedy Foundation, at which Baroness Kennedy gave awards to people who have received bursaries from the foundation. Many of them are from very difficult backgrounds and were going to university for the first time. Following my intervention on the Minister he addressed the fact that people drop out of university. Many who are going to university for the first time drop out because of pressing financial circumstances, and it would be a tragedy if the drop-out rate increased because people's fears of the financial pressures of accessing a degree were realised.

This is the first year that the SLC has had responsibility for handling grant applications; many hon. Members will have gone through the old local authority process. The hon. Member for Havant (Mr. Willetts) has already referred to that most unfortunate quotation in yesterday's edition of *The Guardian* of Mr. Derek Ross, the deputy chief executive of the SLC, who said that the problem was akin to losing one's car keys. We have all done that at some point and it is a personal inconvenience, but Mr. Ross has mixed up personal inconvenience with the financial hardship and uncertainty faced by others. I hope that those remarks are withdrawn and, indeed, apologised for.

Why were the problems not foreseen? The SLC should have prepared for its new responsibilities. As I understand it, consultation on moving to the new system took place three years ago, in 2006. It was welcomed by many at the time, including the National Union of Students, because it was a move away from the fragmented system of local authorities processing applications using different procedures, which produced different outcomes up and down the country, to a uniform system. The NUS was given assurances that the SLC would prepare for the day and time when it took over responsibility, but it is now clear that those assurances were not worth much.

The SLC should also have foreseen that there would be a rise in applications this year. UCAS released statistics at various stages in the past academic year, and we have known what the situation would be for some time. We said in the debate in the summer that the crisis of access to student places should have been foreseen. Likewise, the SLC should have foreseen that it would have to deal with a greater volume of applications than in prior years. In addition, the uncertainty over the number of places meant that there were bound to be more late applications for financial support. Those things could have been foreseen and they should have been planned for.

It should be acknowledged that the Minister has expressed his disappointment with the situation, but this is the fifth fiasco that has been presided over either by the Department for Business, Innovation and Skills or by the former Department for Innovation, Universities and Skills. The right hon. Gentleman is the sole survivor from that short-lived Department. We have had the further education college capital expenditure programme fiasco, delays in education maintenance allowance awards, confusion over the funding of sixth-form places and the uncertainty this summer over higher education places.

The Minister told us what he is doing to get the SLC to learn lessons and I welcome what he said about getting a review under way, but it is vital that those lessons are learned so that we do not go through the same again in 2010. I welcome the appointment of Deian Hopkin, a former vice-chancellor, whom I met on many occasions at South Bank university, and whom I like and respect very much. Will the Minister tell us when the review will be complete, so that lessons can be learned and so that new processes can be put in place in time for next year's applications? What will the Department do to help universities that are giving short-term, emergency loans? The Minister referred to the access to learning fund, but he neglected to say that the fund has been cut by 30 per cent. in the past four years, between 2005 and 2009. What will he do to enable universities to give ongoing support to individuals who have been affected by the delay in financial support—an upsetting start to their university experience—so that they are able to continue their studies and the danger of them dropping out is ameliorated?

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): I apologise for missing the start of the debate, but Committee duties delayed my arrival in the Chamber.

The hon. Gentleman was a member of the Education and Skills Committee, and he mentioned confusion. I am confused about whether the Liberal Democrats now believe in variable fees—top-up fees as they are called—or whether they have changed their minds? Is it that their leader does not like them, but the party does?

Stephen Williams: It was a pleasure to serve on the Education and Skills Committee and the Children, Schools and Families Committee under the hon. Gentleman's chairmanship, and I learnt a lot from that excellent Select Committee process. If he is patient and stays for the rest of my speech, he may find that his question is answered.

The sixth shambles over which this Department has presided—the problems faced by international students—is referred to in the motion. On this issue, my sense of déjà vu goes even further back. It was the subject of the first early-day motion that I tabled as a new MP in May 2005 and the second speech that I made which was on the Immigration Bill. I spoke specifically about the difficulties that Bristol university and Universities UK had brought to my attention. They anticipated that the changes in the visa regime in that Bill would lead to problems for international students. The then Home Office Minister, the right hon. Member for Harrow, East (Mr. McNulty) who is, as we all know, gentle and kind, especially to new hon. Members, told me twice that I was talking rubbish and more rubbish—

Mr. Mike Hancock (Portsmouth, South) (LD): Where is he?

Stephen Williams: Perhaps he is studying a letter carefully.

Four years on, we know that there have been massive delays in processing these visa applications. International students are crucial not only to the financing of higher education in this country—bringing in some £4 billion of fees a year—but to the intellectual sustainability of many courses. Many such courses, especially those in shortage subjects such as engineering, would not be viable without the physical presence of international students. Anything that blocks their access to study in the UK is surely to be regretted, and the Minister needs to intervene urgently with his Home Office colleagues to sort that out.

Many of our services depend on the contribution made by overseas graduates, and the most obvious example is medicine. Will the Minister give an assurance that medical students who have already embarked on a degree course will be able to complete the post-graduate stage of their qualification and will not be subject to further variations in their visa conditions?

I turn now to the short-term future of higher education, rather than today's problems. Next year, there must be no repeat of the debacle this year. We know now that the number of 18 and 19-year-olds in next year's cohort will rise again, just as we knew it would this year. We know now that unemployment will continue to rise in the short term, and as a result—as we know from all previous recessions—more adults will look for shelter in higher education.

The Conservatives have proposed a fees discount to fund places in higher education, although the hon. Member for Havant was reticent about it in his speech. That may be attractive as a short-term fix, but it is another example of the Conservative party seeking to make life more comfortable for the well-off, especially if it were to be part of their long-term thinking. We will seek clarity on that point in the run-up to the general election.

In the longer term, we agree with the motion when it says that there must be a level playing field for part-time students. That was the subject of the last report that the old Education and Skills Committee produced on international students, and one of the last recommendations that the Committee made. My party passed a resolution at our conference in March that said that we would also abolish the fees for part-time students. However, we also envisage that in future higher education will see a greater emphasis on foundation degrees and a strengthening of the role of further education colleges, as well as more emphasis on the skills needs of the nation, especially in

[Stephen Williams]

STEM subjects—science, technology, engineering and maths. I have mentioned that issue many times in such debates. We would recommend a national bursary scheme to fund students taking the STEM subjects that are essential for us to achieve a low-carbon economy.

Mr. Sheerman: The hon. Gentleman is making a very good speech, but his leader has recently mentioned the necessity of savage public expenditure cuts and an article in *The Times* mentioned that universities would face a 20 per cent. reduction in their budgets. Is that Liberal Democrat policy, and how does it compare with the cuts that the Conservatives would make in higher education?

Stephen Williams: The hon. Gentleman will know that the leader of my party was referring to the desperate state of the nation's finances and the reluctance of the present Government or the Conservatives to face up to the cuts that have to be made if we are to balance our national books, or to give any specific examples of how those cuts could be made. At least my party has put forward some specific examples, such as the Trident missile programme which no longer needs to be renewed and which would release billions of pounds to be invested in other priorities.

I mentioned the skills that we will need for the low-carbon economy that must be part of our future. I just want to draw the House's attention to some good practice. For instance, in Cornwall an array has been built offshore to take advantage of the tidal energy. Combined Universities in Cornwall has introduced a new degree in renewable energy—the first such example in the country—and a foundation degree in renewable technologies, and is working with others to provide technical-level skills. We need much more of that happening in our higher and further education institutions.

I cannot agree with the penultimate sentence of the motion, which states that this House

"welcomes the idea of a cross-party student finance review to look at the long-term sustainability of the higher education sector".

That is not because I oppose trying to reach a consensus on the funding of higher education or other long-term issues that face this country, such as long-term care for the elderly or pensions. It is because the fees review in higher education was specifically promised in the Higher Education Act 2004. Lord Mandelson has so far dodged announcing that review, although I congratulate the hon. Member for Havant on getting a reply to his letter from Lord Mandelson. My own experience has not been so happy. We were due to have a meeting to discuss the fees review, but it was cancelled at short notice. It was replaced by the promise of a phone call at a very precise time—and at that very precise time the Minister's private secretary called to say that he no longer had the time to speak to me. So I am none the wiser about Lord Mandelson's ideas on cross-party working on the future of higher education, or more critically, when the review promised in the Higher Education Act will commence or what its terms of reference will be.

It is evident that a cosy consensus is building up between Ministers and Conservative Front Benchers, because they do not want this debate to take place in the run-up to the general election. They want to stifle that debate and ensure that the conclusions of the report are kicked into the long grass in the field beyond the next general election. The Liberal Democrats believe that students deserve better than that and that higher education should be a key part of the debate between all three parties at the next general election. We will certainly be affirming, and reaffirming—

Mr. Hancock: Before my hon. Friend comes to the end of his speech, would he care to comment on the Prime Minister's amendment, in which he claims that interim payments are available for students who have not received their grants? Does my hon. Friend agree with me about the difficulties that students have had accessing interim payments? Will he also comment on the difficulties that students experience trying to access the learning fund, which the Prime Minister suggests provides financial help to hard-up students? Very many students have great difficulty accessing those funds.

Stephen Williams: I thank my hon. Friend for that intervention. I do not know, because he is sitting behind me, whether he was here when I referred to the access to learning fund and the cuts that the Government have made to it. I ask the Minister who sums up to address that point.

At the next general election I will certainly reaffirm my party's commitment to abolish the current fees model for funding higher education because it is broken. There is certainly no scope for fee increases, which we know is the real purpose of the higher education review that is yet to commence. It is essential that we break the link between students' choices over subjects and where they study, and the financial contributions that become necessary later. At the next general election, the Liberal Democrats will be making fully costed and credible proposals in our manifesto to give prospective students and parents a meaningful choice.

The Government are coming to the end of their life. It would be churlish to say that everything that they have done in the higher education field has been a failure, so I shall certainly not do that. For instance, I acknowledge on the record the investment in science, which has been obvious and welcome. However, I also acknowledge that the bulk of the extra investment at undergraduate level has come largely from student tuition fees, which has broken clear pledges that the Labour party made in 1997, and which the Labour Government made in 2001. At the previous general election, they were punished for that in many constituencies around the country, including my own and that of my hon. Friend the Member for Manchester, Withington and others. The Government are now thrashing around for funds and are proposing to sell the student loan book. They are desperate to stifle debate about the future of higher education at the next general election. There are many reasons why the Government deserve to lose the election. Their record on student finance is certainly one of them.

3.12 pm

Natascha Engel (North-East Derbyshire) (Lab): It is a pleasure to follow the hon. Member for Bristol, West (Stephen Williams), although I disagree profoundly with a couple of things that he said. I think that the whole House agrees with the first line of the Conservative motion:

"That this House congratulates those who have secured a higher education place for 2009-10 and wishes them well in their studies".

I shall ignore the rest of the motion at this point—I wanted to start with a consensus, before breaking it.

I want to focus on the issue of widening participation, by which I mean giving access to higher education to as many people as possible from as many different types of background as possible. Within that, I include further education—any education after school that prepares people for the world of work. Traditionally, people from more privileged backgrounds have had better access to higher education than those from less privileged backgrounds. I think that we all agree on that. Since 1997—this is where I really disagree with the hon. Gentleman—we have had a very proud record of achieving far better and wider participation in higher education.

Mr. Hayes *rose—*

Natascha Engel: Is the hon. Gentleman applauding or does he want to intervene?

Mr. Hayes: I am terribly sorry to tell the hon. Lady that Higher Education Statistics Agency performance indicators clearly suggest that the participation rate of working-class students has hardly improved since 1995.

Natascha Engel: Ha-ha! But if the hon. Gentleman will wait, I shall provide my own statistics. In terms of wider participation and access for all, 2007-08 saw a rise of 20 per cent. since 1997 and an extra 2 million students in higher education. That is a massive number, although we have some way to go. However, I wanted to start with something positive and say that, without a doubt, we have widened participation and opened up access to higher and further education—in particular, higher education, which has traditionally been a bastion for people from more privileged backgrounds.

I want to mention briefly the Student Loans Company fiasco, which is an issue that has affected anyone with students in their constituency. Although nobody is trying to justify what has happened with the company—it must never happen again—it was more devastating for students from backgrounds without money or without anyone to make them a loan to ensure that they were all right for the first couple of weeks at college. Furthermore, the situation has been very frightening for those not used to the environment of higher education. I hope that that is appreciated and that the situation that has arisen does not do so again.

I turn to the Aimhigher programme, which has been very successful in accessing students and children from backgrounds where people would not normally think about proceeding to higher education. That is the big issue about access to higher education: if someone comes from a background in which parents and other family members are not used to people entering higher education, they tend not to aspire to it. They think that university is not the sort of place for them, which cuts them off early on—before they start out on their careers—from any number of higher earning and status vocational careers that those from more privileged backgrounds take for granted. I include being an MP among those careers. We still have some work to do. However, programmes such as Aimhigher do some amazing outreach work in secondary schools—some work is also being done in primary schools. The mentoring is fantastic, and it involves people who come from less privileged backgrounds talking to children in school and working with families to ensure that people understand that university is a place for everybody, that it is not closed to anybody and that everybody should be allowed to go. When it comes to social mobility, widening participation and giving access to everybody, that is a really important point.

The increase in the number of over-40s entering university is very interesting. It gives people the opportunity to enter higher education, which they might not have had growing up—again perhaps because they came from backgrounds where it was not the sort of thing that people did. Later in life, they now consider re-entering education, going to university and getting a degree to be the right thing to do. That is a real success story.

Stephen Williams: The hon. Lady mentioned students participating in higher education at age 40, many of whom will be studying part time. Does she think that it is about time that the Government removed the anomaly concerning those studying part time and those studying full time in higher education?

Natascha Engel: I was about to come to full-time and part-time education. I am concerned about the 16-hour rule, which I have raised again and again.

Mr. Andrew Robathan (Blaby) (Con): They never listen!

Natascha Engel: Would the hon. Gentleman like to intervene, instead of shouting?

I chair the youth affairs all-party group where the 16-hour rule is a particular issue. It is an issue particularly for younger people—19, 20 and 21-year-olds—who have had a bad time in the past. I am talking about ex-offenders, runaways and people who have been through the care system who are on benefits and receiving support, but who now think that they perhaps want to go into full or part-time education.

Those on jobseeker's allowance who want to study part time—*[Interruption.]* My speech is so interesting, Opposition Members should listen—I listen to theirs. Those who want to study part time have to pay their tuition fees up front, and that applies whether they are on jobseeker's allowance or not. Part-time students still have to pay those fees up front, which discourages people from studying part time. It is important to look at that in targeting those people whom we want to take up studying.

My hon. Friends will be aware of this, but the 16-hour rule means that jobseeker's allowance claimants cannot study on further education courses that take up more than 16 hours a week or, for those under 20, 12 hours a week. That seriously needs to be looked at. I have mentioned the issue time and again, and I would be grateful not just if someone said that they would look into it, but if they did something about it.

Mr. Willetts *rose—*

Mr. Sheerman: Don't give way—he was talking.

Natascha Engel: I am a nice person, so I will give way, as long as the hon. Gentleman promises to listen to the rest of my speech.

Mr. Willetts: I was listening carefully to the hon. Lady's points. I had a conversation with a student at an FE college the other day who was having to do her course in fewer than 16 hours a week in order to remain on JSA, which is absurd. I commend to the hon. Lady our excellent report, which we produced last week, about getting people off welfare and into work, in which she will see some imaginative ideas about tackling that problem.

Natascha Engel: I thank the hon. Gentleman for that intervention. The 16-hour rule needs to be looked at seriously, because it definitely discriminates against those who come from less privileged backgrounds. Those on jobseeker's allowance or housing benefits tend not to be those from the most privileged backgrounds in our society, so it is critical that we look into the 16-hour rule to help widen participation.

I will draw my remarks to a conclusion in a second, but I want to reiterate that record numbers of state school pupils aspire to go to university. That is critical to what this Labour Government have done since 1997—it is about widening not only participation, but aspiration. We have record numbers of children and young people aspiring to go to university from poorer backgrounds. It is critical that we ensure that young people are given the skills to get them through the recession and out the other end, taking a full part in both higher education and the world of work.

One interesting statistic, which counters the one that the hon. Member for Havant (Mr. Willetts) mentioned earlier and refers to a gap that we need to close as quickly as possible, is that 79 per cent. of children from working households—that is, households where there are working parents—aspire to go to university. That figure drops to 66 per cent. among children who come from homes where there is no working parent. That gap in aspiration is something that all of us in the House, no matter what our political party, must aspire to close. I want to finish on that point. Since 1997, this Labour Government have had a long and proud record of widening participation. We should all work towards widening it even further.

3.23 pm

Chloe Smith (Norwich, North) (Con): I am grateful to you for giving me the opportunity to take part in this Opposition day debate and make my maiden speech, Madam Deputy Speaker. I also thank the hon. Member for North-East Derbyshire (Natascha Engel) for her comments.

As this is my first speech, I want to pay tribute to Dr. Ian Gibson, the previous Member for Norwich, North. He was a dedicated constituency Member whose tradition of independence and plain speaking I hope to emulate. He was known locally for his work on science, as I understand he was here in the House, and for sticking up for the people. Although I do not enter this place as a scientist, I certainly intend to stick up for all my constituents.

There has been a Norwich, North seat since 1950, but the city of Norwich has been represented in Parliament since 1298. I am proud of Norwich, North, with its one foot in the city of Norwich and its other foot in surrounding parishes and beautiful Broadland. We have a history stretching back to Roman times, and colleagues in the House may already be familiar with Norwich's trading prominence in the intervening centuries. We are known for industries such as chocolate, mustard, wool, shoes, financial services and now modern technologies, including biotechnology and engineering. We have a high proportion of small and medium-sized firms, and I applaud all those in Norwich who choose to take a risk and build their own businesses.

Norwich also has cultural prominence. Underpinning our current vibrant arts scene, we can also claim the writing in English—or middle English, to be more specific for any other students of literature in the House—of the first book by a woman. On the political side, movements have often gathered on Mousehold heath in my constituency, including the Chartists 170 years ago and Robert Kett's followers before that.

We are also known for the Canaries' best efforts to stay up the leagues. Norwich City football club is currently prospering in division one. Given that the last full match that I saw in person resulted in Norwich losing 7-1 at home to Colchester—is the hon. Member for Colchester (Bob Russell) here? No, he is not—I think that, in the interests of the club, it may be wise for me to stay away until promotion is fully secured. For any real aficionados of Norfolk's footballing heritage, I draw hope from a reputed draw with Arsenal by the village football club of Thorpe St. Andrew, only as recently as 1894. It remains a shame to this day that the parish could not afford to pay the travel costs for the match replay in London.

In addition to its fine urban history, Thorpe St. Andrew is but one of the parishes that give present-day Norwich, North so much of its character and feeling. According to local sources, Sprowston is the largest parish in Norfolk—I look forward to receiving letters claiming otherwise, which I shall happily forward to the parish council. Old Catton can claim further cultural merit. In Catton hall, it has the location of the first commission for landscaping by Humphrey Repton. Equally importantly, Old Catton's history exemplifies the tradition of independence in the people of Norfolk, among whom I count myself. According to local historians, the parish had

"a high proportion of freemen in the Domesday record which is typical of Norfolk".

The Domesday Book also lists other parishes in Norwich, North, including Hellesdon and Taverham, where, in its Victorian heyday, a paper mill produced half of all the paper used to print *The Times*. Drayton, the final parish in Norwich, North, has another literary claim to fame. During the 15th century, the village was in the possession of Sir John Fastolf, a prominent soldier who, it is claimed, gave his name to Shakespeare's character Falstaff.

In researching this speech, I found that some of the things that trouble the people of Norwich, North have not changed in decades. For example, although I was not sworn in as a new MP until this week, over the summer my postbag contained a wealth of letters complaining about a sewage farm located just in the constituency of my hon. Friend the Member for South Norfolk (Mr. Bacon), but none the less pungent for that. I have found references to residents complaining bitterly about the very same sewage works from as early as 1933.

I sincerely hope that other problems that are raised with me will take less than 70 years to be resolved. For example, I look forward to working over the next nine months on NHS facilities, transport, housing and more. I am already working on behalf of those constituents who face problems with social housing. My predecessor talked eloquently about Norwich's housing during his maiden speech in 1997, but the problems have not diminished since then. It is a personal priority for me to focus on the improvement of the stock and service for local council tenants.

Finally, the backdrop to my first few months as the Member for Norwich, North is a bleak one for many of my constituents, for their jobs and for their businesses. My constituents are struggling in this recession. In this Opposition day debate on higher education, I must highlight the importance of the educational sector to the local economy in Norwich and Norfolk. Not only as a local MP, but as a Norfolk girl who might be said to have made good, I look forward to addressing the graduation ceremony at City college, Norwich, on Saturday. I shall applaud the many young people who have gained qualifications—as does the motion before us today—and I shall praise the work of the tutors and others who enable their success. However, I also sympathise greatly with the college for the deep confusion that it has experienced through the Learning and Skills Council's capital crisis. Many of my constituents are already losing out in the chaos, and we may all lose further if the college cannot recoup the £3 million already sunk into plans encouraged by this Government.

Finishing on today's higher education topic, I pay tribute to the university of East Anglia, which is the former home of my predecessor, although it is in the constituency of the right hon. Member for Norwich, South (Mr. Clarke). It is notable for working with local partners, the city and the county. The Norwich research park is taking on today's great environmental challenges, and Professor Tim O'Riordan of the school of environmental sciences is our fine city's sheriff this year.

Local employers, many of which I have sought to meet since my election this summer, want to work with local institutions such as UEA and the City college to ensure that the education offered reflects the needs of people and businesses in Norwich and Norfolk. That requires clarity and honesty on finance. I look forward to working with all involved back at home to realise higher education's contribution to economic recovery and growth, as I look forward to working with colleagues in this House to see the many good ideas expressed in this debate brought to fruition for my constituents and theirs.

3.30 pm

Ms Dari Taylor (Stockton, South) (Lab): It is a pleasure to follow the hon. Member for Norwich, North (Chloe Smith). I warmly welcome her to the House, as do all hon. Members. It was a pleasure to listen to her speech, which was young, enthusiastic and knowledgeable—characteristics and qualities that are warmly welcome here. It is my belief that she will represent her constituents with care and professionalism. I congratulate her, and I am delighted that she is taking her seat.

I believe that the Government have an excellent tale to tell on higher education, in regard to its expansion and its development. I live in the northern region, where we have five high-status universities, all with developed or developing relationships with further education, and with schools and their communities, supporting the growth of student numbers and the diversity of subject areas. We have seen the development of foundation degrees and the way in which universities and further education are supporting a recruitment exercise of youngsters and middle-aged people—often on low incomes—into higher education.

The activity of persuading young and older people that they have talent and can enter higher education takes a serious effort, as does getting them to believe that they can read for a degree. The language involved can seem different and perhaps a bit peculiar. There is a serious challenge involved, but I am delighted to say that the universities in the northern region are doing an excellent job. On my doorstep are the universities of Teesside, Sunderland, Northumbria, Newcastle and Durham, and in my own constituency I have the Queen's campus, which is part of the university of Durham.

We are talking about some important issues today, including visa control, the student loans facility, and the way in which the additional 10,000 students are being added. It is important for me to remind the House—if it needs reminding; perhaps it does not—that we have seen a staggering increase in student numbers over the past 12 years. In my own region—Teesside university is within a mile of my constituency—we have seen a growth in student numbers from about 14,000 to 28,000 youngsters. At Queen's university, Durham, the student numbers are now topping 15,000. This is a staggering increase. It should not surprise any of us that this also presents enormous problems for those administering the student loans and grants, but I believe that the figures speak for themselves.

We would not have seen that increase without the high-calibre leadership of vice-chancellors such as Graham Henderson and his staff, all of whom offer a staggering range of qualities. In that, it is not just, as it was in my day with the universities of the '60s and '70s—*[Interruption.]* Yes, I am afraid that it was those decades, but I am proud to say that I was one of the flower power people at that time. *[Interruption.]* I may be an ancient flower power person now, but it is still there with me.

When the university of Teesside says, "We must encompass seriously more within our region if we are to develop the quality and diversity of education," it follows it up by creatively and innovatively developing collaborative work with large companies. I shall specifically mention Rolls-Royce, but that is not the only company. Professor Simon Hodgson, dean of the school of science and technology, is developing technologies for low-emission aircraft engines for future generations—just what we want if we want to fly. That piece of research is extraordinarily important and I am delighted to say that it is being done on my doorstep.

It will not surprise anybody when I say that my pride does not stop there, as the university of Teesside has been shortlisted for the title "university of the year" in the category of the outstanding employer engagement initiative on the basis of its work with the chamber of commerce. This is a golden field of older, mature and experienced people—for many of us, of course, older means over 30; for me, it means seriously over 60, but I am prepared to move the older category along the line. The chamber of commerce is telling its people that they

[Ms Dari Taylor]

have so much to give, so they should give it. Some of those involved are teaching within the university and others are listening.

We should not for a moment understate the importance of the opening comments of the hon. Member for Havant (Mr. Willetts) speaking for the Opposition or of the Minister speaking for the Government side, and we must recognise that the student loans facility needs to be seriously improved. In saying that and acknowledging the problem, it is important to celebrate the expansion of our universities and the increase in the number of young people—particularly those from low-income families—attending them.

I was born in a two-up, two-down house in the Rhondda valley and from the whole street of terraced houses, probably only five families out of 90 sent their children to the grammar school. My father was under no illusions when he said, "You will learn, my girl"—and I did; I had no option. When I said, "How do you know we are bright?", he said, "I am telling you that you are bright, because the more you work at it, the better your intellect will develop."

It is worth noting that that sort of statement—too many years ago for me to want to inform the House, but well over 50 years ago—is still being said today to our young people. It is not just important to say, "You have got talent"—although we need that vision—as we also need a strategy. The strategy that the Government have developed has been invaluable. We have seen education maintenance allowances to persuade people to stay in education post-16, and then the Aimhigher programme, which is clearly changing low to high aspiration. That is a struggle—a mammoth struggle—but it is taking place.

The universities of Durham and Teesside are the two I know most about; they are out in their communities, working with schools serving low-income areas. They work seriously hard with such low-income groups, and I am delighted to say that they are producing some serious results. Primary schools in the poorest areas of Teesside are involved in the graduation ceremony—guns and all—in the university of Teesside. Nothing is too good for this lot. We are trying to persuade them to realise that if they have the talent, which they have, it needs working on; we are there for them and will help to ensure that their talent is developed.

I have spoken about the need for a strategy and I have mentioned Aimhigher and the education maintenance allowance, but we also know that we need the money. We have seen some staggering—multi-million—amounts of money being spent on our universities. It was inconceivable in my days of the '60s that such multi-million amounts would follow, but they have—the Government have delivered them.

How has this year of recession affected Sunderland's funding allocation? We want more students and we want their talents to be developed so that they can join our economy. Sunderland's financial allocation for 2009-10 has increased by some 6.2 per cent., which is well above the national average. Teesside's allocation has increased by 10.2 per cent., which is more than double the national average. We must help areas such as mine where people have seriously low incomes and feel that they have a bigger hill to climb, and where traditional industries are changing. We need them on board.

I am sorry that the hon. Member for Havant (Mr. Willetts) has left, because I hoped that he might respond to what was said in an article that appeared in *The Guardian*. He would not allow me to intervene—I understand that, because we all have much that we want to say—but his views are made clear in the article, which states:

> "Universities are badly failing students with unfit teaching and old-fashioned methods and will have to radically modernise lectures and facilities if they want to raise fees, according to the Conservatives' spokesman on higher education."

I want to know names. Which universities are using "old-fashioned methods"? Which universities are "failing students"? We need to know what is being spoken about here.

The hon. Gentleman believes that

> "vice-chancellors are not prepared"

to face the problem that he would be given by students "if fees go up". My husband has worked in universities throughout his working life, and I have been part of them in an indirect way. I can tell the hon. Gentleman that parents and students are in absolute agony in their wish to experience quality. They choose to go to the places where they believe that pharmacology, or engineering, is taught best. They judge on the basis of delivery and quality. When money is spoken of in this way, we should look at the qualifications involved.

I wanted to challenge the hon. Gentleman on another issue, because I think it important for us to challenge each other in debates such as this. Universities UK makes the position very clear. It says:

> "Every survey shows satisfaction levels of 80 per cent. or above. These do not indicate deep-seated problems."

It also says that there is a genuine belief that UK degrees are world-beaters—world-class—and I can say on the basis of my own knowledge that that is absolutely true. If the lead Conservative spokesman says that some universities are failing, it is important for us to know which he is talking about.

The details of the student loan facility were articulated carefully from the Dispatch Box. It is clear that there are problems, but I was delighted to hear my hon. Friend the Minister explain how they would be corrected. I went to university in 1967, and most of my friends were waiting until November for their grants to come through. The present position is not new—and I was one of 5 per cent., not 39 per cent. Let us get things into perspective, and then the argument may become rather more rounded. The visa system is crucial, and we must not allow it to be bunged up in any way. The students in our universities are very important people.

I am sorry to end on a down, but I think it important to say this. When the Government decided on the additional student numbers, they said that they would be tied to strategically important and vulnerable subject areas. I can tell the Minister that that was an arbitrary definition of requirement. I think that we should be much more cautious about using arbitrary definitions as though they were fact, and related to the requirements of our economy.

The system was bureaucratic, and many universities in my area felt that emerging from that bureaucracy was an impossible task, but the extra 10,000 places are valuable. It is important for us always to acknowledge what a superb system of universities and higher education

we have. Do not let us spoil it with systems that have resulted in serious problems for universities to handle, instead of the serious opportunities which I believe were intended.

3.44 pm

Mr. Rob Wilson (Reading, East) (Con): May I begin by congratulating my hon. Friend the Member for Norwich, North (Chloe Smith) on delivering such an excellent maiden speech? She can be very proud of herself, and I am certain her predecessor would have looked on and nodded in approval. I am sure she will be his equal in every respect in fighting for the interests of her constituents in this House.

In the short time available to me, I would like to focus on three areas: widening participation, the financial pressure on universities, and the student loan book. I know that other Members will more than adequately cover the issues to do with student numbers and the recent student loans payment crisis so I do not intend to cover those topics. Indeed, my hon. Friend the Member for Havant (Mr. Willetts) demolished the Government handling of the loans crisis in such a forensic manner that no more needs to be said on the subject.

All Members probably accept that higher education will play a vital role if we are to emerge from this deep recession, more able to compete in what is a highly skilled global economy. Enabling our young people to have the opportunity to gain entry into higher education is both morally right and an economic necessity. By preventing a large number of students from fulfilling their educational potential, the Government risk making the country less competitive. When we look at what has happened over the lifetime of this Government, we see that in higher education as elsewhere it is the disadvantaged groups in our society who have been failed most. While many more middle-class children have been able to go to university, those from lower socio-economic groups have struggled to make progress. Data from the Office for National Statistics confirm that in the most deprived 10 per cent. of neighbourhoods only three in 10 children go on to higher education, compared with six out of 10 school leavers in the least deprived 10 per cent. of areas. Moreover, this year tens of thousands of young people have suffered because the Government put a brick wall where a ladder should be, blocking the path to university for many who have worked so hard to get their A-levels.

It cannot be denied that much of the answer for the underperformance of the lower socio-economic groups lies within our schools. As Ofsted has made clear, a whole swathe of our schools are underperforming and failing children. It is not just Ofsted that is making that clear, because only yesterday our captains of industry made clear their concerns. The chief executive of Tesco, the nation's largest private employer, described standards in schools as "woefully low". He said the private sector is now being left to "pick up the pieces" by having to spend resources on basics such as writing, numeracy and communication skills. The chief executive officer of Asda weighed in behind him, as has the CBI. The Department's response to this critique said it all: according to its spokesman,

"standards have never been higher in our secondary schools."

That brings to mind something that I think Tony Blair once said: if we do not understand the problem, it is very difficult to be part of the solution.

Improving standards in schools is crucial, but we must also look at other ways to open up higher education to all groups. It is clear that the one-size-fits-all approach is failing. I have been extremely impressed by the US model of community colleges. I have spoken about it before in this Chamber, and I have been banging the drum for it for some time. I was therefore very pleased to see positive mentions of the community college system in the recent Select Committee report. Such colleges constitute the largest part of the higher education system in the US, offering short vocational courses as well as the equivalent to our foundation degrees. They provide access to learning for millions of students who otherwise would be excluded from a traditional university education.

One of the main successes of the community college system is that many people from lower socio-economic and minority groups have thereby had an opportunity to engage in higher learning. Currently, 34 per cent. of students enrolled at community colleges are from minority ethnic groups. Students are also typically older, with 16 per cent. over the age of 40, and they are typically employed, too—77 per cent. are in full or part-time employment. Students typically begin the first part of their associate degree at a community college with the option of using accumulated credit to transfer to a traditional university to complete a bachelor's degree.

By breaking down courses into bite-sized chunks, US colleges also offer the chance to reskill without having to shoehorn busy lives into rigid timetables. Credit is therefore a vital component underlying the structure and system. Americans rightly view the career ladder as a career lattice, where people drop in on education as and when it is needed and it fits in with their lives—in this country, we often see that as "dropping out".

Important lessons can also be learned from how the US community colleges manage their finances; put simply, the model is much more cost-effective than the one in this country. Networks are organised on a sub-regional basis and groups of colleges often pool resources, such as human resources, and other administrative functions. As purely teaching institutions, colleges typically do not host very expensive research facilities, thus keeping financial pressures to a minimum. Although there are growing examples of good practice in the UK, such as the Staffordshire University Regional Federation consortium, which I visited, local articulation agreements should be encouraged. They should be led by a strong university at the core of each grouping. The UK has 172,000 students studying higher education in 269 further education colleges. Such colleges provide 39 per cent. of all entrants to higher education, so we already have a good base on which to build a US-style system.

It is also clear that the student demographic is changing, and it is time that the Government realised that the higher education system can no longer be centred solely on the needs of 18-year-olds undertaking the traditional three-year course. Although spending on widening participation has increased, it has been sprayed around like a water cannon, whereas it should have been precision-guided. If the Government are truly serious about widening participation, they need to ensure a much more strategic focusing of funds.

Mr. John Leech (Manchester, Withington) (LD): Will the hon. Gentleman give way?

Mr. Wilson: I do not think that I have time to do so, because others wish to speak.

I wish to move on to discuss the financial challenges faced by universities. They are cutting their budgets at an alarming rate and many are in considerable financial difficulty. As I said at the previous departmental questions in July, seven universities were on the Higher Education Funding Council's warning list of "at higher risk" institutions but soon as many as 30 could be on it, facing significant financial difficulties. Those not in any danger, such as my own university of Reading, are still having to chop huge swathes from their budgets. Financial pressures on the university of Reading have meant that it is cutting £10 million from its budget and has had to make painful decisions about closing departments, such as those of physics and health and social care, and courses in continuing education. The university recently announced that it has had to cancel its £60,000 joint sponsorship with Thames Valley police of four community support officers on its campus. I have had lengthy discussions with the pro-vice-chancellor about this, as both the safety of students and peace and quiet for local residents are priorities for me as the local MP. I am very concerned about that and have made my views clear, and I am continuing discussions with the university and the police about how we can ensure student safety will not be compromised. Many universities up and down the country are having to make even more painful decisions affecting staffing and the services to students than the university of Reading is having to make.

Finally, in light of this week's announcement, I wish to say a few words about the sale of the student loan book. In my previous position as shadow Minister for higher education, I was involved in this legislation, and it appears many of the concerns I raised at the time, along with my hon. Friend the Member for South Holland and The Deepings (Mr. Hayes), are being borne out by events. Throughout its passage, the Sale of Student Loans Bill was always deemed to be enabling legislation, necessary for a rainy day. Indeed, following its Royal Assent, the then higher education Minister withdrew the book from sale because he was worried about securing a fair price and was finding doing so increasingly impossible. Not much has changed since then regarding the value of the loan book in the marketplace, but the Government's need to get their hands on the money clearly has. The rainy day has arrived and it seems to have become a bit of a monsoon. The student loan book is once more up for grabs as part of a fresh sale of state assets that aims to raise an estimated £16 billion.

The Prime Minister announced that the sale would not go ahead if a good deal could not be brokered, but I feel that the panic to plug this massive financial black hole will override the financial caution. I want to repeat what I said during the passage of that Bill—the legislation was supposed to be about the sensible management of an important public asset, which at the time was worth nearly £20 billion, but it has actually become a tawdry attempt to cash in on a valuable asset by a Government running out of resources and of money. The former higher education Minister, the hon. Member for Harlow (Bill Rammell), said on Second Reading:

> "Making a sound judgment about the timing and pricing of sales is particularly important given the recent turbulence in world credit and financial markets...Decisions will...always be informed by what provides the best value for money for the taxpayer."—[*Official Report*, 22 November 2007; Vol. 467, c. 1393.]

Indeed, if my memory is correct, at our insistence a framework for making the decision was put in place in the Bill, but I do not think that details of that framework were ever published. The Minister for Higher Education and Intellectual Property cannot sidestep that issue, as he tried to earlier when he was pressed by my hon. Friend the Member for South Holland and The Deepings. The details of that framework should be published so that we can all see just what the criteria are to which the Government are working. If they are not published, people will believe what I believed when the Bill was introduced: that the Government are in danger of stripping taxpayers of a valuable public asset in the hope of receiving a quick cash injection. The Minister must surely be aware that flogging assets recklessly will not make the Exchequer solvent.

What about the students? The former higher education Minister repeatedly stated during the progress of the Bill that it would have "no material impact on graduates". That proposition remains entirely dependent on the good will of the Government. Given their incompetence with all things student related—particularly this summer—that is a precarious safeguard. This car boot sale of state assets needs to be managed with caution. The quick sale of the student loan book is no substitute for a long-term plan to get the economy back on track. Any business man—like me—can assure the Government that a short-term sale for a quick fix is definitely not the way forward. The structural budget deficit is what must be targeted.

We are very fortunate that we have a world-class higher education system in this country. However, through their focus on short-termism and their mismanagement of the UK economy, the Government have made many universities vulnerable to financial problems and international competition. As events over the summer have proved, the Government have lost their grip on higher education. I fear that the only way to get it back on track is a general election and a fresh approach from an incoming Conservative Government.

3.57 pm

Anne Main (St. Albans) (Con): I want to touch briefly on one or two points raised by my hon. Friend the Member for Reading, East (Mr. Wilson). He said that there is no point trying to widen participation in education when so many of our children are leaving school failed by this Government's system and with poor qualifications. Indeed, other hon. Members have also touched on the fact that many colleges have, like Oaklands college in my constituency, had the learning and skills grant pulled at short notice. That college is attended by many severely disabled pupils because Hertfordshire keeps its disabled pupil teaching within Hertfordshire and the college specialises in such teaching. It was hoping to widen participation for those disadvantaged young people, and what happened? At the eleventh hour and the 59th minute, the funding was pulled, leaving my college in a dilemma about what to do next. It is still struggling with that dilemma and Mark Dawe, whom I meet regularly, has my utmost sympathy. It is no good seeing crocodile tears from the Government.

I want to touch briefly on a topic that has not come up. Many young people have been let down because they wanted to go to university this year but have been caught up in the regrading fiascos that, unfortunately,

left them unable to take up their university places. Dr. Jack Alvarez, my constituent, who teaches at Haberdashers' Aske's school, which is just outside my constituency, wanted me to bring the matter to the attention of the Minister. Many extra pupils have been participating in GCSEs and, importantly, A-levels and AS-levels, and if the grades are challenged, the challenges need to be lodged within a certain time frame to ensure that they meet the clearing house dates.

Priority requests for regrading are usually handled within 18 days. Awarding bodies have until 7 September to deal with them, but the universities close their books by 28 September, and the bulge in the numbers of pupils applying to go to university this year has led to the matter being especially badly handled.

This year, 80 per cent. of all clearing places were taken by 25 August, even though exam results were released only on 20 August. Although the good news was that many high-flying pupils did get their results upgraded, I am sad to relate that the short time frame meant that a lot of them missed the opportunity to go to university or to the university of their choice, or they lost their university place.

The Minister must look at the problem. It is pointless to encourage young people to go to university if regrading is shoehorned into a time scale that is, frankly, undeliverable. The result is that high-flying, well educated and qualified pupils from all walks of life end up being unable to access a college place of their choice. Some of them have looked at the loans fiasco, realised that it would cause them to struggle financially and said, "I'm walking away."

If the Government want to deter young people from participating in higher education, all they have to do is to put them in a system where there is very little chance of fair play. As happened with the loans fiasco, people who tried to communicate the problems that they were encountering found that the phone lines were impossible to access.

I shall rest on that point. We should think about what young people face: it is hard enough to start out in life but, when more than one obstacle is put in our way, many of us would say, "Forget it." Given the stresses and strains that hon. Members have suffered over the summer in our relationship with bureaucracy, surely we must recognise that many people will walk away when faced with the sort of obstacle that I have described.

If we want to encourage young people into higher education, we must ensure that they leave secondary school with the qualifications that they need, and then that their places and loans are managed properly.

4.1 pm

Mr. John Hayes (South Holland and The Deepings) (Con): We have had a rigorous and well informed debate, in which we heard an excellent maiden speech from my new hon. Friend the Member for Norwich, North (Chloe Smith). She is a bright star with a bright future.

This Government promised to extend opportunity and to ensure that 50 per cent. of young people attended university. That promise was made by the former Prime Minister Mr. Blair in a speech 10 years ago, and it was repeated in the 2001 Labour party manifesto, yet today's debate has been all about broken promises and false claims. The scar of disappointment cuts deep—in some cases to despair.

Even though the figures have been recalibrated and recalculated, by last year the Government had achieved just 43 per cent. participation in higher education. Success for women masked failure for men, for whom the rate stood at 38 per cent.—just one percentage point higher than a decade ago. Under a consistent measure, the proportion of university entrants from both sexes increased hardly at all over the whole decade.

Both my hon. Friends the Members for St. Albans (Anne Main) and for Reading, East (Mr. Wilson) made good contributions to the debate. The latter has championed the cause of community colleges for some time. I acknowledge and praise him for that. His remarks were interesting and stimulating, on a matter that we certainly take seriously even if Ministers do not. However, I am sorry to tell my hon. Friends that, even though the Government are spending £2 billion a year on widening participation, the participation rate for working-class students has hardly improved since 1995.

If that were not bad enough, the improvement rate has actually declined. In the previous decade, participation by working-class students grew at a faster rate. Although I acknowledge the genuine determination across the House to try to widen participation, the truth is that the Government have failed by any measure. It is clear that there are Labour Members, such as the hon. Member for North-East Derbyshire (Natascha Engel), who care about these matters. It was especially distressing to hear how her ambitions, and the ambitions of the whole country, have been frustrated down by Ministers—not through lack of concern, but through their inability to deliver results.

The experience at the beginning of the current academic year has demonstrated beyond all doubt that the Government have no hope—and, worse, no intention—of meeting their 50 per cent. target.

Even though applications increased by a predictable measure this year, the result, as my hon. Friend the Member for Havant (Mr. Willetts) noted in his excellent opening remarks, has been chaos. While the Government blew up expectations, parents and students have been let down, the dream of a generation has been exploded, with universities left to pick up the pieces. There are 140,000 potential students who cannot find a place in higher education, as my hon. Friend pointed out and only 22,000 places were available through clearing; that is down by 50 per cent. from the year before.

That so many young people should lose their chance to learn can hardly come as a surprise to Ministers. Universities received roughly 60,000 additional applications this year. The Minister for Higher Education and Intellectual Property broadly confirmed that, yet the Government simply did not allocate sufficient places to meet that extra demand. Every previous recession has brought an increase in the number of applications for university places, so the Government must have known that that would happen. The issue should have been anticipated and dealt with, and a solution should have been found.

The Government are still nowhere near their target, and yet the system of student finance that they established has not been able to cope with the pressure, as was generously acknowledged by the hon. Member for Stockton, South (Ms Taylor). She said that the situation was not good enough, and challenged those in her own party,

[Mr. John Hayes]

on the Treasury Bench, to recognise the problem. I must be fair to the Minister of State: he did acknowledge it. His words were damning of his own record and that of his hon. Friends. He said that the situation was not good enough; that it was not effective; that it had not been sensibly anticipated; that the technology had failed; and that systems had let students down. But who is to blame? I am afraid that the buck stops on the Government Front Bench. The Minister knows that, and should have acknowledged that, too. After all, it is the Government who shifted responsibility for processing loans from local authorities to Student Finance England.

Announcing the new system in 2006, the then Education Minister, the hon. Member for Harlow (Bill Rammell), said:

"As well as clearer information, faster decisions, timely payments and accurate repayments"

would be assured. It is no wonder that after doing so little for HE, and FA for FE, he was sent to the FO. He left a legacy for the Minister for Higher Education and Intellectual Property; I know that the situation was not of the latter's making, but it is still his responsibility. How stark is the contrast between past soft-soap rhetoric and the granite-hard reality of the problems facing students and their families this year!

Some 175 students started this term without loans. Worst hit are first-year students, as the hon. Member for Bristol, West (Stephen Williams) said. At the end of last week, 28 per cent. of first-year applications had yet to be dealt with, and universities are being obliged to make emergency pay-outs. I hope that when the Minister for Further Education, Skills, Apprenticeships and Consumer Affairs winds up, he will talk about those emergency pay-outs and will comment on the questions asked by the hon. Member for Bristol, West, about how easy those pay-outs are to access, and what the Government are doing to support universities in that regard.

The problems could have been anticipated. Indeed, they were; minutes from the board meetings of the Student Loans Company reveal that in July 2008—a full year before the problems became public—the company forecast that 40 per cent. of telephone calls would go unanswered. At the same meeting, a policy of avoidable contact was adopted. That, by the way, is Labour-speak for not answering the phone. The Student Loans Company is using an 0845 number, against official Ofcom advice, so callers must pay for a 10p-a-minute call, and some of the revenue can be "shared" with the Student Loans Company. I call that adding insult to injury, and adding impertinence to both.

To add to the chaos, the future of the student loan book is now unclear. At the beginning of the week, the Government announced a fire sale of Government-owned assets. Back in 2007, the comprehensive spending review committed the Government to raising £6 billion over the next three years from student loan sales, yet no sale has yet been made. When the Minister winds up the debate, will he tell us whether the £3 billion is in addition to the £6 billion in the CSR? Can he tell us when he expects the first tranche of loan sales to be made, and if no sale is expected to be made by the end of the financial year, can he say how the Government intend to make up the £6 billion shortfall?

In the past year, there has been a succession of crises in HE, further education and skills. First, there was the crisis over FE capital funding; then the crisis of the Train to Gain overspend and the problems with apprenticeships; and now there is the crisis in student finance. Is it any wonder, when responsibility for this vital area of policy has been shifted from one Department to the next, like a macabre game of pass the parcel—first DFES, then DIUS and now BIS? But this is not a game. The Government are playing with people's lives—the hopes, dreams and potential of a generation. In Labour's end, to paraphrase Eliot, is its beginning—a 13-year journey back to where it started.

As the Minister for Higher Education and Intellectual Property knows, I admire his progress from disadvantage in Tottenham to high office. I know that in his heart he must be ashamed that as a result of his Government, few others so disadvantaged will follow in his footsteps. For he must also know in his heart that if we want to reinvigorate higher education, if we want to reignite social mobility, if we want to deliver social justice, we need a Government who genuinely believe in education: change driving hope, a fresh start—a new Conservative Government for a new Britain, because Britain deserves better.

4.10 pm

The Minister for Further Education, Skills, Apprenticeships and Consumer Affairs (Kevin Brennan): We have had a good debate with some excellent contributions, some colourful ones and some thoughtful ones from both sides of the House. It has been an immensely enjoyable debate.

I congratulate the hon. Member for Norwich, North (Chloe Smith) on her maiden speech. She spoke with great clarity and passion about her constituency. I particularly thank her for the praise that she gave to her predecessor, Dr. Ian Gibson, who is a close friend of mine and was an excellent Member of the House. She said that she wanted to emulate his independence in the House. I hope she has informed her Whips Office of that, as I am not sure her Whips will so heartily praise her if she does so.

We are clear that finance should not be a barrier to people entering university. The hon. Member for South Holland and The Deepings (Mr. Hayes) referred to the background of my right hon. Friend the Minister for Higher Education and Intellectual Property. Both my parents left school at 14, and I come from the first generation of people who had the opportunity to go to university, coming through comprehensive education and going to Oxbridge. If people have been through that experience, it stays with them and makes them genuinely and honestly committed to widening participation and access.

That is what the Government have done. Many more people from my kind of background are now able to go to university than was the case in the past, and certainly when I went to university in the early 1980s. We are committed to widening access to higher education, and that is what we have been doing. That is why we have a generous system of student support providing both grants and loans for tuition fees and living costs in university. That is why we have non-repayable maintenance grants of up to £2,906, which were reintroduced by the Government. About two thirds of all students are expected to benefit from a full or partial maintenance grant.

Whatever review takes place—*[Interruption.]* I hear the hon. Member for Bristol, West (Stephen Williams) chuntering—it will not involve the savage cuts that the Liberal Democrat party leader seems to have promised, although the hon. Gentleman was quick to distance himself from that. However, it is appropriate to refer, as my right hon. Friend the Minister did, to the problems that there have been with the Student Loans Company. He gave a clear explanation of events. It is a matter of great regret that students have not been able to get through to the Student Loans Company to speak to an adviser and find out about their application. Students and parents have been confused about the process and about what has been happening with their applications. The poor level of customer service, as my right hon. Friend made clear, is not good enough.

Mr. Leech *rose—*

Kevin Brennan: I have very little time, so if the hon. Gentleman will allow me to make some progress, I may give way later.

The Student Loans Company has put measures in place with financial support from the Government to help students follow the progress of their applications and to address the problems that people have had in getting through to its call centres, including providing additional helplines and more staff to answer calls. Action is being taken, but we should keep the problems in perspective.

Every single one of those applications is important, but more than 640,000 students have been paid by Student Finance England this year. That is more people than ever before at this time of the year, and we should acknowledge that a significant number of students do not apply until shortly before the start of term. The suggestion of 175,000 students still being unpaid is way off the mark. Each year a large number of students begin applications but do not complete them. I understand from the Student Loans Company that this year that amounts to 77,000.

My right hon. Friend announced a review under Professor Deian Hopkin, which has been welcomed. In response to the point from the hon. Member for Bristol, West, the review will be undertaken as quickly as possible. We should make a judgment on what has happened when we hear the full conclusions of that independent review, but it should not divert us from the fact that this year more students than ever before are going to university. From reading the motion and listening to the hon. Member for Havant (Mr. Willetts), one would think that fewer students than ever before were going to university. The Opposition's motion regrets the rise in the number of applicants without a place, and we need to unpick that, because it means that the Opposition are saying that we should have provided more places. I heard the hon. Gentleman say that, but let us just analyse it for a moment. When we had fewer students a few years ago, the Opposition said that we had too many—that we were shovelling people into university; now that we have more students than we had then, the Opposition say that we have too few. How on earth can anyone sustain that position?

The hon. Gentleman has been described many times as having two brains, and perhaps that explains how two totally different positions can be maintained within the same head. That is the only possible explanation, because it would cause most of us great mental perturbance if we tried to square that circle.

Mr. Willetts: I wonder whether the Minister is not holding in his head two completely inconsistent positions. Is he claiming the credit for those extra numbers, because some of those extra students are students whom universities should not have recruited, and he is going to fine those institutions for taking them on.

Kevin Brennan: That is a nice attempt to avoid the charge, but before I conclude I shall refer briefly to a further confusion in the hon. Gentleman's head: his plan to pay for this sudden conversion to 10,000 extra places in university. When I intervened on him earlier, he told us that he would offer a discount to existing graduates who pay off their student loans more quickly and would use the money that was returned to pay for more university places. However, the cost of student loans to the Government is not the amount of money that is loaned to the student; it is the difference between the rate of interest charged on a student loan and the rate of interest charged by the bank from which the Government borrow the money to pay for the student loan. By asking for money to be returned early, all the hon. Gentleman is doing is taking money that is owed to the bank, bringing it back in-house and giving it out again to students to pay for their higher education. In other words, it is a smoke-and-mirrors, totally disingenuous way of borrowing extra money, which the hon. Gentleman claims he and his party do not want to do.

Earlier today, I heard the Leader of the Opposition say of the Prime Minister, "Doesn't he understand that we won't win the public's trust unless we're straight with them about the choices that we face?" Extra students at university cannot be paid for through some scam scheme by which money that the Government already owe someone else is repackaged in order to hide the need to borrow the money to pay for the places. When will we see the detailed costings of that policy and exactly how much the hon. Member for Havant believes it will raise?

Natascha Engel: Who does my hon. Friend think is most likely to pay back that money early? What kind of person? Would he hazard a guess as to whether a richer or a poorer person would have that kind of money up front to pay back their loan more quickly?

Kevin Brennan: I am not sure of the answer to that question, but I suspect that the money would not come from somebody who saved in a credit union; it would be more likely to come from somebody with access to a hedge fund, rather than anybody from the communities that we are discussing.

To talk about widening participation while proposing a highly regressive policy on higher education, combined with a completely bogus way of paying for additional places, really is disingenuous. We look forward to seeing the detailed costings of this fag-packet policy. I do not know whether the hon. Gentleman was consulted when the Leader of the Opposition talked about it on a Sunday television programme, nor whether the shadow Chancellor was consulted, but it is unravelling just as quickly as the right hon. Gentleman's pension plans.

[Kevin Brennan]

When will the man with two brains tell us whether there is one single coherent strand to his policy for extra places? It is not extra cash: one cannot magic money out of nowhere. Even in opposition one has a duty to be responsible about finances, and we look forward to hearing him tell us exactly how he would pay for that policy.

I fear that my time is running out—[HON. MEMBERS: "Hear, hear!"] I am afraid that it is running out as rapidly as the credibility of the hon. Gentleman's policy. We shall oppose the motion and I urge the House to support the Government's amendment.

Question put (Standing Order No. 31(2)), That the original words stand part of the Question.

The House proceeded to a Division.

Madam Deputy Speaker (Sylvia Heal): I ask the Serjeant at Arms to investigate the delay in the No Lobby.

The House having divided: Ayes 220, Noes 284.

Division No. 218] **[4.20 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Amess, Mr. David
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Barrett, John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Bottomley, Peter
Brady, Mr. Graham
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browning, Angela
Bruce, rh Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Campbell, rh Sir Menzies
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Curry, rh Mr. David
Davey, Mr. Edward
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David
Djanogly, Mr. Jonathan
Dorrell, rh Mr. Stephen
Dorries, Nadine
Duddridge, James
Duncan, Alan
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fallon, Mr. Michael
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Green, Damian
Greening, Justine
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hermon, Lady
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Holloway, Mr. Adam
Holmes, Paul
Howarth, David
Howarth, Mr. Gerald
Howell, John
Hughes, Simon
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Kennedy, rh Mr. Charles
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McCrea, Dr. William
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Mulholland, Greg
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
Öpik, Lembit
Ottaway, Richard
Paice, Mr. James
Paisley, rh Rev. Ian
Paterson, Mr. Owen
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Robinson, Mrs. Iris
Robinson, rh Mr. Peter
Rosindell, Andrew
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Selous, Andrew
Shapps, Grant
Simmonds, Mark
Simpson, David
Simpson, Mr. Keith
Smith, Chloe
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Whittingdale, Mr. John
Willetts, Mr. David
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Bill Wiggin and
Mr. Stephen Crabb

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Anderson, Mr. David
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, rh Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Butler, Ms Dawn
Byrne, rh Mr. Liam
Cabom, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Cooker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Fiello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Francis, Dr. Hywel
Gardiner, Barry
Garrard, Mr. Neil
Gilroy, Linda
Godsiff, Mr. Roger
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hamilton, Mr. David
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kemp, Mr. Fraser
Kidney, Mr. David
Killoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Macteggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Manis, Rob
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McDonnell, Dr. Alasdair
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Merron, Gillian
Michael, rh Alun
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, rh Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Owen, Albert
Palmer, Dr. Nick
Plaskitt, Mr. James
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, rh Angela E. *(Basildon)*
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Stewart, Ian
Stoate, Dr. Howard
Straw, rh Mr. Jack
Stringer, Graham
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Usher, Kitty
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woolas, Mr. Phil
Wright, Mr. Anthony

Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Mr. Bob Blizzard and
Mr. Dave Watts

Question accordingly negatived.

Question put forthwith (Standing Order No. 31(2)). That the proposed words be there added.

Question agreed to.

The Deputy Speaker declared the main Question, as amended, to be agreed to (Standing Order No. 31(2)).

Resolved,

That this House welcomes the record number of students attending university or college this year meaning more students benefiting from higher education (HE) today than at any stage in UK history; commends the Government for its record levels of investment in HE, an increase of over 25 per cent. over the last decade compared to a 36 per cent. decline per student under the previous Government; recognises the Government's commitment to expanding opportunities to participate in HE, including an extra 10,000 opportunities this year in courses related to science, technology, engineering and mathematics subjects and 10,000 recently allocated additional student numbers for 2010-11; commends the Government's generous student support package and regrets that this year the Student Loans Company (SLC) has been unable to provide the level of service students and their families have rightly come to expect; notes that 800,000 English-domiciled students have already had their applications for funds approved and that following additional Government support the SLC has allocated extra resources to deal with enquiries and processing; further notes that the vast majority of students who applied within the deadline will have received their money, that interim payments are available for students and the Government's Access to Learning fund provides help for students suffering financial hardship; further notes the significant contribution international students make to the UK, and believes that the new student immigration system is effective and fair; and further notes the Government's confidence in future economic growth which will enable a viable sale of the student loan book.

NHS Dentistry

Madam Deputy Speaker (Sylvia Heal): I advise the House that Mr. Speaker has selected the amendment in the name of the Prime Minister.

4.37 pm

Mr. Andrew Lansley (South Cambridgeshire) (Con): I beg to move,

That this House supports maximising public access to NHS dentistry; notes that under the Government's new contract considerable numbers of patients now do not have access to an NHS dentist; believes the dental contract imposed by the Government is not adequately meeting its objectives for improving oral health or access to dentistry; recognises that any future contractual arrangements should be appropriately consulted on and piloted; calls for stronger incentives for dentists to carry out preventative care; recognises the opportunity to bring about better patient care by ensuring the best treatments are provided at the appropriate time and by fostering the stability that will allow new investment in NHS practices; supports an approach to NHS dentistry focused on preventative care; further believes that the oral health of children should be protected by re-introducing dental screening programmes in schools; and further supports the introduction of patient registration, allied to capitation-based funding rather than fee-for-service, restoring a relationship between patient and dentist conducive to an improvement in long-term oral health.

The House may not know it, but this is a 10th anniversary debate. Ten years ago, in September 1999, Tony Blair told the Labour party conference:

"Everyone will have access to an NHS dentist within two years."

The Labour party conference a couple of weeks ago might have done well to remember that the nature of promises from Labour Governments is that they are not delivered. In fact, the record shows a loss of access. After the introduction of the new contract, the number of people accessing NHS dentistry fell by 1 million. Some 7.5 million people are not going to an NHS dentist, because it is hard to find one. Fewer children are accessing NHS dentistry—more than 100,000 fewer than before the new dental contract. Dental caries is now the third most common reason for children's admission to hospital.

What is the public's view of the state of NHS dentistry? The British social attitudes survey shows that only 42 per cent. of the public are satisfied with NHS dentistry, compared with a 76 per cent. satisfaction rate with the general practitioner service—although the Government constantly claim that we should be dissatisfied with that service. No doubt the Minister will attempt to pretend that the public are satisfied with NHS dentistry, but they are not.

Promise after promise on NHS dentistry has not been kept. After every failure, the Government make a new set of promises that, in their heart of hearts, they know they will not be around to keep. Their latest promise is to deliver access for everyone who seeks it by March 2011 at the latest. There is no evidence of how they intend to achieve that.

The Government knew that NHS dentistry needed change, and in preparation for the new dental contract, they rightly piloted new schemes. The personal dental services contracts were designed around the proposition that instead of the dentist treadmill—under which dentists were paid fees for services—dentists would be paid on a capitated basis for the number of patients registered.

The idea was to incentivise dentists for encouraging good oral health, rather than simply for activity. But what happened? The PDS contracts were examined by the Audit Commission, which concluded that patient charge income had fallen by 30 per cent. as a consequence of the pilots, because there were fewer treatments. The Government should have said, "Well, that's worked then. We wanted to incentivise not just treatment, but good oral health, and a consequence of that will be a reduction in the number of treatments that are chargeable to patients." But no, completely the opposite happened. They said, "Well, we can't have that. We can't have the economic viability of the NHS dental service being undermined by the fact that patients aren't paying enough," so they scrapped the PDS pilots and imposed a new contract on the dental profession that had not been piloted. Contrary to the dental profession's expectation that it would be able to get off the dental treadmill, it remained on it, only with the primary care trusts, instead of it, in charge of the speed of the treadmill. We have ended up, therefore, with a continuing activity-based contract, and one that, owing to the way in which it was imposed and the nature of the contractual provisions, actually led to a substantial reduction in the number of dentists willing to sign up to the contract.

Stephen Hesford (Wirral, West) (Lab): The reverse is true in my constituency, where three new dental practices have opened in the past year—I had the honour of opening all three. The hon. Gentleman's experience of the new contract is considerably different from mine.

Mr. Lansley: The hon. Gentleman must explain why nationally the number of dentists choosing to enter a direct contractual relationship with their PCT has fallen by 7 per cent. in the past year—it involves only 31.8 per cent. of dentists. I freely acknowledge that there are more dentists in this country than ever before, but that is not the point. The point is this: how many dentists are willing to be NHS dentists? And how many of those who are NHS dentists find that the access provided to their patients in the locality is not as good as it used to be?

Stephen Hesford *rose—*

Mr. Lansley: I will not give way. I tell the hon. Gentleman, and other Labour Members, that the Health Committee produced a report last year into dentistry. The report said that there were four criteria—not its criteria, but the Government's—for the new contract, namely access, clinical quality, NHS commissioning and improving dentists' working lives. I remind Labour Members what the Select Committee report said about those four criteria. On access, it stated:

"The Department's original goal that patient access to dental services would improve from April 2006 has not been realised."

On clinical quality, it stated:

"While the Department argued that the new contract would improve preventive care, this was disputed by dentists who claimed that the new contract failed to provide the time and the financial incentive to do so."

On commissioning, it stated:

"The Minister admitted that PCT commissioning of dental services has been poor."

On improving dentists' working lives, it stated:

"The new remuneration system based on UDAs"—units of dental activity—

"has proved extremely unpopular with dentists."

Does the hon. Gentleman want to respond?

Stephen Hesford: To make it clear, not only is the experience on the ground in my constituency different from what the hon. Gentleman is describing, but the new dental practices are NHS dental practices.

Mr. Lansley: I do not know what point the hon. Gentleman is trying to make. I have new NHS dental practices in my constituency. The Minister might even have a note about them to use later in the debate. That is not the point. The point is this: what is the overall picture? That picture is very clear. The number of people accessing NHS dentistry after the introduction of the new contract in April 2006 fell by 1 million. It has now recovered by about 500,000. That is across the country. I do not think that those figures are disputed. The point is that even now—three and a half years after the contract was introduced—access to NHS dentistry is poorer than when that access was one of the central criteria.

Many people think that they have access to an NHS dentist—I suspect that many in the House think that they have such access. However, if they went to their NHS dentist, especially if they did so in the first quarter of the calendar year—the last quarter of a financial year—they would find dentists who have reached their UDA limit and that their dentist is not their dentist at all, because registration has gone away. We do not have "our" NHS dentist; we have access to NHS dentistry on sufferance of the local primary care trust.

Norman Lamb (North Norfolk) (LD): Is it not the case that the Steele report confirms the problems with access? Access is variable around the country, particularly in rural areas, where it is often very difficult, which rather confirms the hon. Gentleman's point.

Mr. Lansley: I am grateful to the hon. Gentleman, who helpfully points me towards the next thing to add to the picture, which is the review undertaken by Professor Jimmy Steele.

Before I do that, however, let me remind the House that one of the Select Committee's conclusions was:

"We recommend that patient registration be reinstated because dental care is most effective when delivered over time and as part of a trusting dentist-patient relationship."

When Government Members start snorting about the fact that people do not have access to an NHS dentist because they are no longer registered with an NHS dentist, they need to get up to speed. That is what their Government have done to dentistry in their contract. They have removed registration. The Government effectively admitted the failure of their contract by establishing the review under Professor Steele within three years of introducing the contract.

Dr. Andrew Murrison (Westbury) (Con): Does my hon. Friend agree that the Government completely missed the point about registration? The value of registration is that it encourages prevention, because dentists develop long-term relationships with their patients, which incentivises good practice and oral hygiene and inevitably leads to better mouths with better teeth in

[Dr. Andrew Murrison]

them. That produces less onerous work for dentists, who will practise prevention instinctively if their patients are registered.

Mr. Lansley: My hon. Friend is exactly right, and I appreciated the time that he and I spent working on the issue in years past. Indeed, when the new contract was introduced, we argued that registration was precisely the basis on which it should be structured. We have now reached the point where the new contract not only does not incentivise prevention in the way that it should, but has incentivised treatment in a way that is completely counter-productive. For example, a dentist might have the option either to fill a tooth and repair it or simply to extract it. The structure of incentives in the contract points towards extraction, which is why there has been a significant increase in the number of extractions.

Sir Paul Beresford (Mole Valley) (Con): Does my hon. Friend agree that registration is the best proof of access? Whether the patient goes ahead with national health treatment or chooses an alternative, private treatment, it is that access coming from registration that counts.

Mr. Lansley: I am grateful to my hon. Friend, who brings his extensive personal knowledge as a dentist to the issues. He will know, because it has been his experience in his professional practice, that the relationship between a patient and their dentist is a critical part of delivering good quality care.

Mr. Eric Martlew (Carlisle) (Lab): I will check in *Hansard*, but I think that the hon. Gentleman just said that dentists will pull teeth out instead of filling them because they get more money for that. Is that really what he is saying about our dentists? I am sure that that is on the record.

Mr. Lansley: It is, and my hon. Friend the Member for Hemel Hempstead (Mike Penning), who knows these things well, will produce some data to support it when he speaks.

Norman Lamb *rose—*

Mr. Lansley: I will give way to the hon. Gentleman in a moment, but he has mentioned the Steele report and, although I will not go on about it at length, I want to make this point. The Steele review said:

> "Making the transition from dental activity to oral health as the outcome of the NHS dental service will be a challenge for everybody, but it is essential if NHS dentistry is to be aligned with the modern NHS."

The message from the Steele report is that we need to move from an activity-based contract to one that incentivises good oral health. I hope that the Liberal Democrats now support that.

Norman Lamb: We very much support that approach, but let me refer back to the hon. Gentleman's comments about perverse incentives. He talked about the increase in extractions, but is it not also the case that there appears to be a perverse incentive against doing complex work such as root canal fillings, which appears to have lead to a deskilling of the dental profession, with a lot of dentists simply no longer doing that work?

Mr. Lansley: I do not disagree with that, and my hon. Friend the Member for Hemel Hempstead will certainly want to elaborate on that point when he replies to the debate later.

The Steele report identified that the current contract was based on activity and was therefore misguided, and that we needed to move to a contract based on prioritising and incentivising good oral health and preventive care. However, there is no plan to move from A to B. We have consistently made it clear that it is our objective to make that move to a contract based on registration and capitation that incentivises quality and outcomes rather than simply focusing on activity. I want to say a few words on how we propose to do that.

There are two parts to our proposal. First, we propose to take immediate steps to ameliorate the problems in the existing contract. Secondly, we propose a more fundamental phase of reform. The immediate steps, under the current structure of units of dental activity, would enable preventive care to be incentivised. We know that every £1 spent on giving a patient preventive dental treatment can save at least £8 in subsequent curative work. We need to support children with information and advice on how to look after their teeth. I have read the Department's toolkit to support that activity, but we need to make it more systematically available. That is why we will restore school dental checks for every child, which have been surreptitiously phased out by primary care trusts since 2007. We will also enable children to continue to access NHS services through child-only contracts.

Norman Lamb: I am sure that the hon. Gentleman is aware of the studies that have looked at school screening. In particular, is he aware of the study undertaken in 2002 by the oral health unit? It concluded that screening did not improve dental health in the target child population, that it did not increase dental attendance among those who had screened positive, that it did little to improve the dental health of those who had screened positive and that it tended to exacerbate social division. There is not much academic support or support in the dental profession for the hon. Gentleman's proposal.

Mr. Lansley: The hon. Gentleman and the Government need to recognise this point. In their amendment to our motion, the Government claim that children's oral health in England is already among the best in the world. The evidence for that is the 2003 child dental health survey. We have not had such a survey since 2003, however, and we will not have one until 2013. We know, however, that children are presenting at hospital with dental caries, and that that is the third most common reason why children are admitted to hospital. In 2001-02, just before the last child dental health survey, that did not feature among the five most frequently reported diagnoses when children presented. We also know that children are not accessing NHS dentistry to the extent that they did. Significant numbers of children are therefore not seeing a dentist, and we need to ensure that that changes. It is perfectly obvious from looking at the Department's toolkit to support better oral health among children that there needs to be a focus to bring about that change. School dental checks, if they are integrated into the local commissioning of dental services, could do that.

The third thing that we need to do rapidly is to give people more access to NHS dentistry. That is not just about insisting that the PCTs issue more UDAs, or about simply piling money into the system—valuable though that might be. The issue is about winning more capacity from within existing resources. For example, there are unnecessary recalls, including cases of people finding their treatment being divided between a first attendance and a subsequent one more than three months later. The chief dental officer himself rightly criticised that practice, identifying it as a result of one of the perverse incentives in the current contract. Without such practices, we could be looking at a potential capacity for 2.3 million people to access NHS dentistry. We are not even assuming half that figure in our plan to give 1 million more people access to NHS dentistry by eliminating such unnecessary recalls.

We also need to get more out of dentists' working hours. We are therefore going to return to dentists the power to charge patients who repeatedly miss appointments. Five per cent. do so on a regular basis, and 1.8 million courses of treatment are wasted. If only a quarter of that waste were remove by this measure, it would enable 100,000 more patients to be treated.

Mr. Martlew: If I accept what the hon. Gentleman says on this issue, does he accept that the same principle should apply to general practitioners?

Mr. Lansley: No, I do not. Dentists already have a mechanism for charging patients. Since the late 1940s, there has been a clear expectation that the system of co-payment applies to NHS dentistry, but not to other NHS services—and I have no intention of changing that.

We need additional fundamental reforms so that we can move to a new registration-based contract with payments linked to the good oral health of patients through a capitation system properly adjusted for the patients being looked after—I recognise the Liberal Democrat point about the need to incentivise dentists in areas where oral health is poorest—while also providing a proper incentive for preventive care, as my hon. Friend the Member for Westbury (Dr. Murrison) has mentioned.

We also need to bring more dental professionals back to the NHS, which is why we have proposed—I am glad to say that the Liberal Democrats recently supported us—that NHS or state-trained dentists, who cost about £170,000 each, should be required to work in the NHS for at least five years. We need generally smarter commissioning where we open it up, so that people can access preventive work. I am particularly pleased to confirm today that we will widen access to preventive advice and treatment by removing the regulation that prevents a dental hygienist from seeing a patient if the patient is not directly referred by a dentist. We are seeking to empower the whole dental team to work together to deliver innovative and preventive advice strategies.

The Government, far from listening to the Steele review and moving in that direction, unfortunately appear to be moving in the wrong direction. At the time the Government received the Steele report earlier in the summer, they had started work on implementing not that review, but their own draft access contract—contrary to what is expressed in their amendment to our motion about meaningful consultation and

"working with the dentistry profession and other stakeholders".

This is yet another example of an activity-based contract focused on a narrow objective rather than on good oral health as a whole, which will not support preventive care as it should. It has so failed to engage the profession that the British Dental Association has advised its members not to sign the new contract.

I am not often minded to read with much care the amendments that Ministers table in response to our motions in Opposition debates, as they tend to be far too self-congratulatory. This particular amendment, however, seems to make a whole series of claims that are simply not justified—they are plain wrong. The Government are not working "through careful piloting" on either the current dental contract or their new proposed draft access contract. They are not working together with clinicians as they should. They claim that

"children's oral health in England is... among the best in the world",

but the evidence of recent years since the last child dental health survey points to a significant loss of access and dental problems among children. They talk about

"access for all... by March 2011",

but that is risible in the light of their utter failure to deliver improved access over the past decade.

The Government told everyone that they would offer access to NHS dentistry, but they failed. They talked about prevention, but they incentivised only treatment. The dental treadmill is just rolling forward in exactly the same way as it always did. No doubt money has been poured into the system. The Minister will doubtless talk about the level of inputs in dentistry, but the issue is not about inputs but outcomes. Once again, it is a familiar story from this Government: it is all about how much money has been spent and never about the proper structure of reform or the outcomes being achieved. The Government are pursuing that flawed approach all over again. Once more, we need a new approach to access and quality that is based on outcomes and results and not simply on processes. We need proper incentives for prevention and for delivering good oral health, working with professionals rather than against them. By those mechanisms, we will reverse the long and slow death of NHS dentistry.

4.59 pm

The Minister of State, Department of Health (Mr. Mike O'Brien): I beg to move an amendment, to leave out from "NHS dentistry" to the end of the Question and add:

"welcomes Professor Steele's review report and its endorsement that the principle of local commissioning introduced by the 2006 reforms provides a firm basis on which to develop NHS dentistry; agrees with the vision set out in the review of improving incentives to support dentists in delivering access and quality; acknowledges the Government's commitment to working with the dentistry profession and other stakeholders to ensure through careful piloting that it implements the recommendations in a way that delivers the best possible system for patients, dentists and the NHS; acknowledges that children's oral health in England is already among the best in the world; welcomes the commitment of the NHS to deliver access for all who seek it by March 2011 at the latest, supported by some £2 billion in central funding for dentistry, and understands that access is now growing again; notes that in the last four quarters the number of people seeing an NHS dentist in the previous 24-month period has grown by 720,000; further notes that the dental workforce is growing, with 655 more dentists working in the NHS in 2007-08 and a further

[Mr. Mike O'Brien]

528 in 2008-09; and recognises the support that the dental access programme of the Department of Health is providing to clinicians and managers to help them rapidly expand NHS dental services where necessary.".

In 1997 we inherited an NHS that was on its knees and in a mess, and NHS dentistry was part of a system that was struggling. In 1991 two dentistry schools were closed by the Conservative Government. The number of dentists in the country was seriously down, and there were enormous problems.

The hon. Member for South Cambridgeshire (Mr. Lansley) disparaged the idea of looking at the record of his own party in government, and I understand why he does not want to look back. All that I can say to those who may be watching this debate is that we do not need to listen to the rhetoric, because we can look at the book. We can look at the history. We can look at what the Conservatives did to the NHS last time. We can look at the way in which they left it—and we can know that, if they are re-elected, they will do exactly the same again. This Government, on the other hand, are committed to providing access to high-quality dental care for everyone who wants it, and we are committed to providing it through the national health service.

Dental access has improved for the whole of the last year, with 720,000 more NHS patients seen by NHS dentists. The Steele review, which we set up, has been accepted and welcomed by the British Dental Association. We have increased spending, and yes, spending is important. The hon. Gentleman may not think that it is important, and he may well feel that his Government would be free to make the cuts in the NHS that they made on the last occasion, but we take the view that increased spending on dentistry is necessary. It was up by 11 per cent. in 2008-09, and it is up by 8.5 per cent. this year. This year funding is running at £2.25 billion net of patient charges. Since 2004 it has risen by 70 per cent.: that is £900 million more in six years. Let me say to any dentists who happen perchance to read the report of this debate that they will be able to look back and see what the Conservatives did last time, and to compare it with what this Government have done in terms of putting money into dentistry.

Dr. Murrison: Does the Minister not understand that dentists feel deeply demoralised? Nine years after the 1997 general election, the Government undertook wholesale reform of the system; just three years after that, they are winding the clock back to the previous position, and dentists are entitled to ask what on earth is going on. Such changes—welcome though they must be, because the Minister's system has clearly failed—must be seen as deeply demoralising to the dental profession, so perhaps the Minister would like to apologise.

Mr. O'Brien: Perhaps I would like to congratulate the Government on the fact that 850 dental students are expected to graduate next summer, an increase of 25 per cent. since 2005. I think that that is worth saying. I also think it may be worthy of a little congratulation that there were 655 more dentists in the NHS in 2007-08 than in the previous year, and 528 more in 2008-09 than in the previous year.

Yes, it is true that much is changing in the NHS, and much of the change constitutes improvement. Significantly more dentists are graduating, and more dentists are coming into the NHS. That is a good record. As part of our expansion programme we have created two new dental schools, which opened in 2007 in the south-west and central Lancashire. That has reversed the Conservatives' closure of dental schools which was announced in 1987 and completed in 1992, and which caused a shortage of dentists in the early 1990s, when there were fewer of them than there are today.

The hon. Member for South Cambridgeshire made an extraordinary and, indeed, candid speech. In fact, he was so candid that he seemed to me to impugn the professionalism of every dentist in the country, saying that they were prepared to extract teeth with no clinical justification. He has been offered the chance to retract that statement, and he is shaking his head now: he does not retract it. I do not think that impugning dentists is a satisfactory way for someone who thinks that he may at some point be a Secretary of State to proceed.

Norman Lamb: Does the Minister accept Steele's conclusion that the incentives for dentists are not precisely aligned with the goal of oral health, which constitutes a fundamental flaw in the contract?

Mr. O'Brien: Let me just say the following about the way we have structured some of the charges and the funding. Previously, the funding levels and the charges patients paid were enormously complicated. We have simplified the whole process. We have a choice here. We can have multiple variations in the charging system so everything is charged at different rates for different sorts of systems. Frankly, that will create massive bureaucracy for dentists and massive complication for patients. Alternatively, we can simplify the system so that people can understand what they have to do. In that case, we have to rely on—let me make this very clear—the professionalism of the dentistry profession to ensure they are doing what is clinically necessary. We have taken the view that most dentists are in the job because they want to do the best for their patients—it is clearly a different view from that of the Conservative Front-Bench team but it is the view we take—and we have therefore decided that we need to have an appropriate system of charging and remuneration to take that into account.

Sandra Gidley (Romsey) (LD) *rose—*

Mr. O'Brien: I shall give way once more, after which I will want to make some significant progress.

Sandra Gidley: Does the Minister accept that the system has been oversimplified, thus leading to cases such as that of a constituent of mine who was told she could choose which tooth to have repaired and would have to wait six months to have the next one done? Thankfully, that is being investigated. I would hope it is a rare case, but nevertheless some dentists do seem to be forced down that path, as a direct result of an oversimplified system.

Mr. O'Brien: I do not accept that dentists are being forced down that path. There will always be some in such professions who do not do what is clinically appropriate and do not use the system as it ought to be used—I put that at its mildest, perhaps. However, we believe it is important to recognise that the dentistry profession has responsibilities, standards and professional organisations

that seek to regulate it. We need to ensure that we have a system that not only makes sure that we have a good quality of care—and we have to rely on professionalism for that—but that also has a charging structure that is not overly bureaucratic. It appears that some in the Opposition want to introduce such an overly bureaucratic charging system, however.

In the years since the foundation of the NHS, dental health in our country has improved massively. I want to make it clear, however, that registration was not one of the reasons for that massive improvement. Registration payments were introduced only in 1990. There was continuity of care before that, and, broadly, there has been continuity of care in recent years. Therefore, before the hon. Member for South Cambridgeshire over-emphasises the importance of the registration issue, he had better check the historical facts. Registration is, in fact, just a payment system. Continuity of care is what matters. That is what Steele said; that is what he recommended we should ensure happens, and that is what we are seeking to put in place.

Let us look back to see how NHS dentistry has changed things in this country. In 1948, half of all adults had no natural teeth at all. By 1968, the NHS had cut the proportion to 40 per cent., and 10 years ago it had fallen to 11 per cent. We are about to start the next national adult dental health survey and we expect this figure to have fallen still further to about 6 per cent.

Let me give another example. Thirty-five years ago, more than 90 per cent. of all 12-year-olds in England had tooth decay. Today, that proportion is lower than 40 per cent. In fact—I do maintain this—our older children have some of the lowest rates of tooth decay in Europe, and they are comparable with the best in the world, including those of the United States. We can always do better, however.

Sir Paul Beresford *rose—*

Mr. O'Brien: I will give way to the hon. Gentleman a little later, but if he will forgive me, I want to make some progress now as I am conscious that several Back Benchers want to contribute to the debate.

The best decisions are those that are made as close to the patient as possible. In 2006, in line with the rest of the health service, we reformed NHS dentistry. The new system gave power to primary care trusts to commission the right dentistry services for their communities. PCTs have provided incentives to encourage prevention and improve quality, but in some areas progress has been too patchy and too slow. Therefore, in December 2008, the then Secretary of State for Health asked Professor Jimmy Steele to conduct a review of the new contract, which he published in June. I am delighted to say that the review joined the Select Committee on Health in strongly supporting the principle of local commissioning, providing a firm basis for the future of NHS dentistry.

The review also showed the range of services that are needed. It showed that the different generations need different types of dental care and that, rather than simply drilling and filling, maintaining oral health and preventing decay and disease must increasingly be a priority. I did agree with some of the points raised by the hon. Member for South Cambridgeshire, and it appears that we are at one on ensuring that we prevent decay and treat maintaining oral health as a high priority. On the basis that I have set out, the Government wholeheartedly welcome Professor Steele's review. We will be rigorously testing its recommendations through pilots across the UK—there will certainly be pilots across England—over the coming months.

I am pleased to say that the British Dental Association, patient groups and other stakeholders have welcomed the review. The Government have shared their implementation plans with the BDA and others, and they will be playing their part in delivering them. We have made a good start. Professor Steele recommended that we should develop measures for monitoring the quality of dental services, and we are developing a set of key performance indicators for all new contracts under the dental health programme. The work has already begun to develop clinical pathways and procedures to ensure that all new patients receive an assessment of their oral health and the treatment that they need.

It is important that we ensure that oral health improves. The level of tooth decay among 12-year-olds in the UK is at its lowest ever and is among the best in European countries, although inequalities remain. We want every child to access dental services, but all the evidence shows that, contrary to what the hon. Gentleman suggests, mandatory school screening is not the way to achieve that. That is what the research considered by the National Screening Committee showed; children in deprived areas, who are most likely to be shown to need treatment, were found to be the least likely to be taken to a dental practice to receive the treatment that they need. In other words, the suggestion sounds good, but we need to examine this issue in a much more effective way.

If we really want to deal with the issues associated with child tooth decay, we will find that the better way to do so is to ensure that we have fluoridated water supplies and that we make changes in the way in which dental health is examined to ensure that we target those in the most deprived areas for the additional help and support that they need. We are examining ways in which we can identify and put help into areas where there are the most problems.

In addition, we have begun to look at the way to improve the information available to patients on NHS Choices so that, as Professor Steele recommended, patients have accurate and up-to-date information about what NHS dentistry entitles them to do and how they can best access it. We are working with the NHS Business Services Authority to improve the data that we collect from dentists, which was another of Professor Steele's recommendations. That will provide a better sense of the nature and quality of services that dentists are providing. I know that dentists did not like the 2006 contract that was introduced, but I hope that the way in which the review was conducted and the way in which its recommendations will be implemented will help to heal some of those wounds, because we want to work with the dental profession as we pilot and evaluate the changes. I promised to give way to the hon. Member for Mole Valley (Sir Paul Beresford), so I shall do so now.

Sir Paul Beresford: I am pleased that the Minister has finally got round to mentioning fluoride, because fluoridation in the water supply and in toothpaste has been the biggest single factor, over and above any dentistry, that has brought about the change that he is proclaiming as an asset to his Government. He ought to realise that countries that have a school dental service

[Sir Paul Beresford]

are teaching children to use fluoride toothpaste as well as the inspection. That is the biggest advantage and that is where some countries, particularly New Zealand, have moved ahead. He ought to look at those results before he comes out with a condemnation of what has been suggested.

Mr. O'Brien: I will look at those results. We are prepared to look at the evidence and to make judgments based on it. It is important that when we get independent reports that suggest that spending £17 million on NHS dentists going into schools is not the best way of spending that money, we consider the evidence and base our policy on it rather than on some historical view that that was a nice thing that might perhaps be popular. We need to base things on the evidence.

Bill Wiggin (Leominster) (Con): I am particularly interested in what the Minister said about continuity of care. Will he take the opportunity to look at what is going on in Herefordshire? I decided to test the NHS for myself and waited in the queue. I eventually got to the front and had a filling, which fell out two weeks later. I still cannot see a dentist to get it put back in again. Unless people are in pain, it is almost impossible to see a dentist. I am sure that that is not what the Minister wanted, and if there is something that he can do, I know that my constituents will be deeply grateful.

Mr. O'Brien: Only a Conservative MP can say, "I decided to test the NHS by using it." The hon. Gentleman symbolises where the Conservative party is on this issue. Fillings sometimes come out. I hope that he will be able to access a good NHS dentist who will ensure that he can get an appointment. I suspect that the best approach will be to go back to the person who originally did the work to ensure that it is done in a way that means that it does not come out.

Charlotte Atkins (Staffordshire, Moorlands) (Lab): Would not the Minister accept that the best way to promote oral health among children is to start very early? For instance, we could start in the many Sure Start centres up and down the country that bring together health, education and social services. Mothers can then work with their children to instil good oral health right from the start. Unfortunately, the Opposition are committed to closing down those centres, not expanding them.

Mr. O'Brien: My hon. Friend is right, and she presents a much more coherent argument than the Opposition have. As the hon. Member for South Cambridgeshire quoted the British Dental Association during his speech, may I point out that the BDA does not support mandatory school screening? It agrees with the National Screening Committee's decision. Given the comments made by the hon. Gentleman, it is worth adding that the BDA, in a report on local commissioning that was published yesterday, gave a positive picture of the opportunities offered by local commissioning, which he derides. It states that there are

"some truly excellent examples of innovation on the part of commissioning teams around the country".

It found

"very positive attitudes towards liaison between practitioners and commissioners".

I want to see whether we can build on that to make NHS dentistry as good as we want it to be.

Dr. Julian Lewis (New Forest, East) (Con) *rose—*

Sandra Gidley *rose—*

Mr. O'Brien: I shall give way twice more, and then I am going to close. I shall give way to the hon. Gentleman first.

Dr. Lewis: The Minister has nailed his colours to the mast in favour of fluoridation. Does he accept the principle that no community should have its water fluoridated if a majority of the members of the community do not wish its water to be fluoridated?

Mr. O'Brien: We need to make judgments on fluoridation based on the evidence. Stories always go round that can frighten people, and we have seen in this country a whole series of scare stories about vaccinations that resulted in a significant number of people being frightened out of giving those vaccinations to their children. We need to ensure that we consider the evidence, that we base our judgments on the clinical evidence and that we ensure, too—

Mr. Lansley: Will the Minister give way on that point?

Mr. O'Brien: Let me answer the hon. Member for New Forest, East (Dr. Lewis), and then I will give way. As far as vaccination was concerned, there were some stories and as a result we are paying the price. We need to ensure that we consider the evidence on fluoridation and make judgments based on that evidence. We have already seen that there have been some moves towards fluoridation in the water supply, particularly in Southampton, although that is the subject of a judicial examination.

Sandra Gidley: The Minister mentioned the commissioning report and he slightly cherry-picked the results, but he must have been disappointed to read that 60 per cent. of dental leads and 77 per cent. of local dental committee secretaries agreed or strongly agreed that the national contract did not allow as much innovation as they would have liked. What steps does he think need to be taken to address that problem?

Mr. O'Brien: Far from being concerned by that, I welcome the fact that the BDA is saying that we must do more in relation to innovation and quality so that we improve some of the better ideas coming out of dentistry. That means that we have to look at the contract and make sure that it encourages innovation and best practice.

If I may be critical of the NHS for a moment, there is something that the service as a whole, and not just dentistry, is bad at. There are lots of examples of good practice in parts of the NHS, including in dentistry, with good ideas and work in both management and clinical practice, but those examples are not spread as quickly as they should be. I think that the hon. Member for Romsey (Sandra Gidley) has made a sensible comment. We need to take it on board and respond in a positive way.

Mr. Lansley: The Minister will know, not least from what my hon. Friend the Member for Mole Valley (Sir Paul Beresford) said, that there are Conservative Members who agree with the principle of fluoridation. However, the point is not that we should judge the evidence that suggests that it makes a positive contribution, but that the legislation makes it clear that there should

be a process of public consultation. There was such a process in Southampton and Hampshire, but it began with the strategic health authority setting out the evidence in support of fluoridation and it ended with the SHA saying that it remained convinced by the same evidence.

The consultation process therefore added nothing at all: what is the point of consultation when a decision has been made already? The Minister and the health authorities need to think about that again and accept that, if evidence is to be presented in a public consultation process, people must be given a more objective opportunity—either through a referendum or some other means—to make their views known.

Mr. O'Brien: The difference between the hon. Gentleman and me on this is not as great as he makes out. I agree that the people who make decisions must take on board the views expressed by local people in the public consultation process. The process is not a referendum—

Mr. Lansley: It should be.

Mr. O'Brien: By the sound of it, the hon. Gentleman is committing the Conservative Front-Bench team to referendums all over the country. I believe that, when local people are consulted, those who make decisions need to take on board the views that are expressed—and, indeed, the votes that are taken—by people in local areas. Those views are important, and the people who make decisions must consider them and give them due weight, but they are not binding in the way that a referendum would be.

Dr. Julian Lewis: Will the Minister give way again?

Mr. O'Brien: I will, but this really is the last time.

Dr. Lewis: The Minister is very kind to give way again, but 72 per cent. of respondents to the consultation said no to fluoridation, even though the local PCT had sent out a great many postcards, first-class postage paid, to get people to say yes when they replied. Presumably, if 72 per cent. of people saying no can be ignored, the same would be true of 82, 92 or even 100 per cent. What is the meaning of a consultation when an SHA can tell the overwhelming proportion of people saying no that the answer is nevertheless yes?

Mr. O'Brien: People who have to make a decision have to give due weight to the views of local people. They must ensure that all the arguments are taken into account, and that the views of local people are reflected but, in the end, they still have to make the decision.

I should have known, when I mentioned fluoridation, that we would get the reaction that we did from the reactionary side of the House. Fluoridation is an issue that, like Europe, produces an immediate reaction.

Mr. Lansley: We should have a referendum on it.

Mr. O'Brien: The Conservatives are proposing referendums once again. They want one on Europe, and now they seem committed to one on fluoridation as well. The important point is that we are working with the dentistry profession. There were difficulties following the 2006 contract—I do not dispute that for a moment—but we are now working with the dentistry profession to ensure that we produce a system of NHS dentistry that is right for England and the whole UK.

The Government are committed to providing high-quality dentistry for everyone who wants it. As I have said, in the past two years, we have increased funding by some 20 per cent., or about £385 million a year. Although about 90 per cent. of dentists continued with the NHS after the new contract was introduced in 2006, others did not. That led to an initial fall in the number of people able to access an NHS dentist—a fall that is now quickly being reversed. New practices are opening across the country. The Conservative Opposition would like to paint a picture in which things are the same as they were two years ago, but that simply is not the case. In fact, if Opposition Front Benchers want to see for themselves, I invite them to go round the corner from the House of Commons to Horseferry road, where a dentist's has opened today.

Mike Penning (Hemel Hempstead) (Con): The Minister wants Conservative MPs and Front Benchers to go and see dental surgeries, but can he explain why, when I asked in a freedom of information request when, in the past 12 months, a Government Health Minister of any description had last gone to see an NHS dentist, the answer was that zero had done so?

Mr. O'Brien: I have certainly accessed my NHS dentist in the past 12 months. *[Interruption.]* I gather that the Under-Secretary of State for Health, my hon. Friend the Member for Brentford and Isleworth (Ann Keen), has done so, too. We probably visit such practices in a way that the hon. Gentleman, and some of his Back-Bench colleagues, do not, in the sense that perhaps they do not use NHS dentists in the way that most of us do. However, that is not the key point.

What needs to improve is access. A Which? survey published in June 2009 showed that nine out of 10 people who tried to get an NHS dentist in the past two years were able to do so. With more dentists in the NHS last year, dentists delivered an extra 1.4 million courses of treatment, and I am confident that access will continue on its current track of improvement. All 10 strategic health authorities have now committed themselves to giving everyone who wants it access to an NHS dentist by March 2011 at the latest.

The Steele review made a range of recommendations on how to improve the incentives to promote access and quality. We welcomed its recommendations on developing contracts that encourage dentists to take on new patients and to provide them with high-quality continuing care. The right to continuing care, in a system that promotes quality, is key to Professor Steele's vision, and we know that patients and dentists value that right. That is why the new practices being developed under the access programme will pilot some of the review's recommendations. Existing practices will be invited to volunteer for pilots incorporating Professor Steele's full recommendations from next spring. We were encouraged to hear that as soon as the review was published, informal expressions of interest started to come in from the NHS and front-line dentists' practices.

Prevention and quality are two of the most important principles in today's NHS, and the review will help us further to embed those principles in the dental system. In 2007 we produced the world's first guide to evidence-based prevention in primary dental care. We published a second edition this year, and we are already seeing the benefits.

[Mr. Mike O'Brien]

The prescription of high-concentration fluoride toothpaste has risen by almost 250 per cent. in one year, and fluoride varnishes are being used much more than ever before. Our focus on prevention is starting to work, and we will ensure that the new pilots that I have described will include preventive dentistry.

The Labour party founded the NHS. We have tripled funding to the service as a whole and we want dentistry in the NHS to succeed. By working with the profession to deliver the recommendations of the Steele review, within the framework of the 2006 reforms, I believe that we can ensure that it does succeed.

5.29 pm

Norman Lamb (North Norfolk) (LD): The Liberal Democrats will support the motion tonight. We will support it, first, because it is rightly critical of access under the current contract. The Minister referred to statistics suggesting that 90 per cent. of patients are able to access dentists, but the fact that there are 10 per cent. who cannot should be a cause for concern. As my hon. Friend the Member for Manchester, Withington (Mr. Leech) said to me, if that was the case with access to GPs, there would be an outcry. For people who cannot access an NHS dentist, that creates a very real problem and the Government should not be satisfied with the current levels of access.

The motion is right to stress the importance of piloting before introducing change, something that the Government failed to do when they introduced the contract. That is one reason why it was so much resented by the dental profession. The motion is right also about the objectives. The objective should be improving oral health and introducing incentives for preventive care. The Minister rightly pointed out the importance of all dentists behaving professionally, but it must surely make sense for the system to ensure that the incentives are in the right direction to encourage and incentivise dentists to do the right thing. The motion is also right in identifying the need for an element of capitation-based funding and patient registration, and the importance of establishing a long-term relationship.

However, the motion falls short in two important respects. First, it says nothing about oral health inequalities. That is an issue of fundamental importance, about which we on the Liberal Democrat Benches feel very strongly. Resources should be targeted at areas of greatest need, and the motion is silent on that. Secondly, on the face of it, the proposal to reintroduce dental screening programmes in schools looks appealing, but it is wrong and should not be introduced. If we are moving into an era where public finances are stretched and where we have to ensure that every penny is spent effectively, the Conservatives should think again about this. All the evidence suggests that school dental screening is ineffective in achieving the objectives.

I have already referred to the survey undertaken by the oral health unit in 2002, but that is not the only research. There was a report in 2006 which concluded that the majority of the children studied

"derived little benefit from the school dental screening programme in terms of attending the dentist, and receiving treatment for their carious permanent teeth. School dental screening also fails to address inequalities in the prevalence of untreated disease and utilisation dental services."

An even more recent survey in 2008 concluded:

"The evidence from the UK and elsewhere is that while the concept of dental screening is attractive to policymakers, there is no scientific evidence that it leads to improvements in health, either for individual children or for the child population."

The Conservatives should think again. They are committing resources to something that has no evidence base to it whatsoever.

This debate follows on from the Steele report in June. The Government deserve credit—it was an inspired move by the previous Secretary of State to appoint Jimmy Steele to undertake the review. It has been an independent process that has managed to secure the trust and respect of the dental profession and it has been stronger because of that. The recommendations of the report have secured widespread support. But the outcome of that report should embarrass Ministers, because it demonstrates that their repeated claims, made here on the Floor of the House, that the contract was working were nonsense. Back in 2007, the then Health Minister, now the Minister for Regional Economic Development and Co-ordination, the right hon. Member for Doncaster, Central (Ms Winterton), said:

"We know that NHS dentistry is expanding, and that new contract is working."—[*Official Report*, 26 June 2007; Vol. 462, c. 154.]

The former Secretary of State for Health said in February 2008:

"Access to NHS dentistry is getting better all the time."—[*Official Report*, 5 February 2008; Vol. 471, c. 772.]

Those comments fly in the face of reality, and now the authoritative Steele report, which the Government accept, demonstrates that many claims by Ministers and the resistance to any challenge to the workings of the contract were nonsense.

Professor Steele highlights a number of issues. First, he points out that access is variable. In many parts of the country, access is fine and people can get to an NHS dentist, but in many other areas that is not the case. Steele makes particular reference to rural areas, where, according to a Which? survey that the report mentions, just 29 per cent. of dentists are taking on new NHS patients. We should be concerned about that. It compares with 46 per cent. of dentists in urban areas.

Mr. Martlew: I hear what the hon. Gentleman says about rural areas, but if we take my constituency for example, people from rural areas go to the city to register. Is that not the case in many areas?

Norman Lamb: They may access dentists in urban areas, but they cannot register because they are not allowed to. However, many older people in rural areas, including my constituency, struggle to get to an NHS dentist, and that problem needs to be addressed. Everyone accepts that some people cannot access an NHS dentist, but Professor Steele says that for such older people, the problem is of great concern.

Mr. Mike O'Brien: I am grateful to the hon. Gentleman for giving way on that point because my hon. Friend the Member for Carlisle (Mr. Martlew) raised a question about how people access dentists. Before 1990, when registration payments were introduced, dentists kept lists of their patients for their own purposes. Many dentists now keep such lists and regularly write to their

patients for their own purposes. We are talking about a payment for registering—a payment to the dentist. Many dentists keep their lists anyway, and therefore people access and keep in contact with their dentist, who may write to them regularly to bring them in for check-ups and so on because they have their own list.

Norman Lamb: I note the Minister's point, but my central point is simply that many people, particularly those in rural areas, struggle to access an NHS dentist—whether or not they can register. We should all agree that that issue must be addressed.

The second issue that I shall deal with from the Steele report concerns the original claim from the 2006 contract—that its operation would take dentists off the treadmill and focus on prevention and oral health. In fact, the contract's focus has been on paying for activity. On page 5 of his report, Professor Steele says:

"So long as we see value for taxpayers' money as measured by the production of fillings, dentures, extractions or crowns, rather than improvements in oral health, it will be difficult to escape the cycle of intervention and repair that is the legacy of a different age.

Making the transition from dental activity to oral health as the outcome of the NHS dental service will be a challenge for everybody, but it is essential if NHS dentistry is to be aligned with the modern NHS."

In other words, he is saying that the contract fails to achieve that. That shows that its introduction was an enormous mistake.

The truth is that this contract has set back good dental health for some four years because of its failure to encourage and facilitate preventive work. Indeed, in many respects preventive work has been sidelined. The report says, on page 22:

"Perhaps the greatest surprise relates to the position of a scale and polish as part of a Band 1 charge. Many regular NHS patients told us they are paying privately for this treatment with a hygienist."

The Government can easily criticise the dental profession for that, but that is the reality as a result of the contract: it is not facilitating preventive health care under the NHS. Dentists have been overwhelmingly critical of the contract—a view reinforced and confirmed by the Steele report, which refers to 86 per cent. of dentists feeling that they are still, in effect, on the treadmill. That is not exactly an overwhelming vote of confidence in the Government's contract.

According to Professor Steele's vision for NHS dentistry, the focus should be ruthlessly on oral health—which was not ultimately a central feature of the contract—as well as on quality, prevention and continuity of care. On page 6, he says:

"The incentives for dentists are not as precisely aligned as they could be to a goal of oral health and consequently there are inefficiencies within NHS dentistry. The pathway we describe should be supported by an altered contractual structure for dentists. We therefore recommend that dental contracts are developed with much clearer incentives for improving health, improving access and improving quality."

Labour Members may simply refer again to the need for dentists to act with professionalism, but, as policymakers, we must surely ensure that the system incentivises the right things—preventive care and good oral health.

Steele argues—I am not entirely clear whether the Conservatives support him on this—that we should work to develop the current contractual framework instead of throwing it out and starting all over again. Perhaps the Conservative spokesman can clarify their position on that in his closing remarks. If we throw the baby out with the bathwater and start all over again, there is a real danger that a further range of perverse consequences will follow that are hard to imagine at this stage. Professor Steele's central plea is to conduct a pilot and then apply the findings, which must surely be the way forward.

Mr. Mike O'Brien: May I confirm that, as I said in my opening comments, it is our intention to pilot? I agree that it is important that we take Steele's recommendations, pilot them, see how they work, and ensure that they work effectively. In other words, we too will learn the lessons. The hon. Gentleman makes a valid point, but unfortunately it appears that the Conservative Opposition are of the view that they do not need to pilot things because they have all the answers; I do not think they have.

Norman Lamb: To some extent I am reassured by that intervention, but in due course I will come to something that causes me concern about the Government's continuing approach, and the Minister might want to intervene on me again then.

One of the main current problems is the enormous variability in the quality of commissioning. I agree with the Minister that there are examples of very good practice, but according to most people the norm is that of not very good practice, in which commissioning has not been developed and the PCTs almost sideline dentistry and consider it of little central interest. That is part of the problem. In its paper published yesterday, the British Dental Association referred to the short tenure of staff. It stated that more than a quarter of PCT dental leads had been in post for less than a year, and the average was just 3.4 years. That turnover prevents any mature culture or understanding of the potential of commissioning from developing.

My hon. Friend the Member for Romsey (Sandra Gidley) made the point earlier than an enormous percentage of PCTs do not feel that they have enough scope to innovate under the contract. The examples of the few PCTs that have innovated suggest that there is scope to do that, but for some reason best practice has not spread around the country. There is therefore a significant shortfall in the quality of NHS dentistry compared with what is potentially achievable.

Along with a mass of poor quality PCT commissioning groups, there are none the less some PCTs that are doing really impressive, innovative work and making real progress. In Bradford, for example, the PCT has worked with the profession with collaboration as an important principle. It has developed a system that has less reliance on the measure of units of dental activity and created a blended contract with quality measures. That is possible under the existing contract, but most PCTs have not taken advantage of the scope available to them. The PCT in Bradford has developed effective care pathways, which are essential to proper treatment, particularly of those with poor oral health.

Salford is another PCT that has been proactive, and part of Birmingham is providing an impressive lead on dental public health. Accredited practices have been established there, and some of the money going to dentists is given on the basis of their practices achieving

[Norman Lamb]

quality and engaging in preventive work. Tower Hamlets PCT has also been doing good work. Those are the areas from which we ought to be learning what is possible in the way of good-quality preventive care and a focus on oral health. That practice needs to be spread out across the country. The approach has to be collaboration between dentists, PCTs and Government to pilot and then spread out good practice.

The concern that I referred to after the Minister's intervention relates to the dental access programme. It appears that the Department of Health is up to its old tricks again of not collaborating and of imposing an approach against the wishes of the profession. The BDA has specifically expressed its concerns to me, and no doubt to others. It states that the Department has attempted to design a new contract in a very short space of time, but that it is utterly controlling and far too prescriptive. It tells me that the Department started work on the new contract in April, but it was not until July that the BDA got to see it. That is precisely what we are all complaining about and why Steele complained so much about the need for collaboration rather than imposition from above.

The BDA says that the Department now appears reluctant to make further changes. It advised the Department in July—I believe that it met the Secretary of State—that it should use the existing contract, warts and all, to get the access programme running and then seek to effect improvements to it. Now we have got to the extraordinary and ridiculous position that the BDA is unable to endorse the new contract. Incredibly, practices that are tendering for the new contracts are unable to see them during the tendering process. How daft is that?

Despite its total frustration with the Department, however, the BDA stresses that it has an absolute commitment to engage with the Steele reforms and work with the Government. The Minister made the point in his intervention that the Government are determined to learn lessons and pilot schemes before introducing them. Will he look again at the access programme to ensure that it is introduced in collaboration with the BDA, rather than against resistance from it, which would be entirely counter-productive?

Mr. Mike O'Brien: Such contracts are a matter of negotiation. We cannot say to the BDA, or to any other organisation, "You've got a veto. If you don't like it, we're not going to have a contract like that." It was part of a negotiation in an attempt to get to an agreement. The hon. Gentleman is right that we need to learn lessons from how things were done in 2006 and we are intent upon doing so. There is a process of working through the issues from the Steele report and ensuring that we form a much better relationship with the BDA than we have had for at least a few years.

Norman Lamb: I hope I can take it from the Minister's comments that there will be a further attempt to reach agreement and to listen seriously. I appreciate that the BDA cannot impose a veto, but to get the best possible result, there needs to be proper, meaningful collaboration.

The Government have been guilty of imposing too much regarding health. They imposed the modernisation of medical careers and the fateful national IT programme, with disastrous consequences, and they imposed the dental contract, which has set back the cause of preventive dental care for some four years. There is now an opportunity to get it right.

The Liberal Democrats' plea is that the Government learn the lessons from the past and work with the profession to secure a dental service that focuses on quality; prevention; areas of greatest need, to address the inequalities that we know exist; effective use of resources and ensuring that incentives move in the right direction; and, finally and critically, access for those who need NHS dentistry and who cannot afford the private alternative.

Mr. Deputy Speaker (Sir Alan Haselhurst): The House will be able to do its own maths. We have about 50 minutes—just under—and five Back-Bench Members are wishing to contribute. Perhaps everyone will bear that in mind.

5.52 pm

Charlotte Atkins (Staffordshire, Moorlands) (Lab): The House's last debate about dental services took place in December 2008. It was on a report from the Select Committee on Health that followed an inquiry on which I persuaded the Committee to embark. The review that arose from the criticisms made in the report was brilliantly led by Professor Jimmy Steele who, as a clinician, teacher and researcher, had the breadth of vision to pull off a report that is comprehensive, authoritative and widely applauded. This debate gives us a good opportunity to consider what Steele said in his report. It is ironic that the planned Opposition day debate on dentistry in July was pulled in favour of a seemingly more newsworthy issue. Dentistry had to take a back seat.

Professor Steele nailed a few myths in his report. First, the media have told us that hordes of dentists have been so disgusted with the NHS contract that they have converted to 100 per cent. private practice. In fact, as Professor Steele says, the loss of NHS provision was very small indeed—just 4 per cent., which is hardly a mass exodus.

Secondly, we were told that no one could find an NHS dentist. Clearly, access to NHS dentistry is a problem. However, the Steele review found that it is not a universal problem, and that it is concentrated in some areas. The Which? survey, on which the Minister commented, demonstrated that 88 per cent. of people who wanted to access a dentist could do so.

Access to NHS dentistry is now firmly the responsibility of local PCTs. I applaud that, unlike the Opposition, because prior to that it was at the whim of individual dentists where they practised and whether they provided NHS services, private care or a mixture of the two. The PCTs have been given the responsibility to ensure that local demand is met. When they were first given the responsibility for commissioning, a lot of PCT mergers were happening, and that was unfortunate because the commissioning of dental health services was put on to the back burner. Dentistry did not get the priority in the NHS that it deserves—indeed, it never has done. More money has gone into dentistry, but it is still a very small part of the NHS budget even though dentistry is very important to people, not only because of the pain bad

teeth can cause, but because having a mouthful of such teeth—although, happily, fewer people do so these days—can cause a real lack of confidence. The PCTs are now getting their act together, but many challenges remain.

Yesterday a survey by the British Dental Association's local commissioning working group was published. Like the Steele review, it was initiated by the Health Committee's report. The survey found, as other hon. Members have said, that 60 per cent. of commissioners and 77 per cent. of local dental committee secretaries said that the national dental contract did not allow sufficient innovation and flexibility, so it is very good news that an effort is being made to introduce more innovation. We must work together to develop that innovation and flexibility.

The survey also contained some good news. There were positive attitudes towards liaison between practitioners and commissioners. Related research by the BDA identified a broad consensus on the priorities for dental commissioning—improving access, especially for new patients, and targeting areas of high deprivation. That would not happen if dentists were allowed to locate wherever they wanted, instead of the PCT being the driving force. We need to build on that consensus, and Professor Steele's report provides an excellent starting point.

The 2006 reforms addressed three key issues. The first gave responsibility for planning and securing NHS services to local PCTs, and that is really important. It means that the local health service can take account of local need. My PCT was very responsive to my concerns about one particular town, Biddulph, which did not have an NHS dentist, and we now have an excellent service there.

The second issue was patient charges. In the past, patients had to steer their way through 400 separate charges. Many could not tell whether they were receiving NHS treatment or private treatment, because the charging system was so complicated. In 2006, those charges were reduced to three bands. These were simpler and less confusing for patients, but they could provide perverse incentives for patients to store up their dental problems and delay visits to the dentist. We need to address that problem.

The third issue that arose from the 2006 reforms was connected to the units of dental activity. Dentists rightly complain that UDAs have created a new treadmill, with a possible incentive to provide treatments that are clinically no better than a lower band alternative as a way of increasing their practice payments—*[Interruption.]* I am not suggesting that dentists are pulling teeth because it is financially advantageous for them to do so.

Professor Steele is right to propose more charging bands and a better continuity in the relationship between patients and dentists via a more formal registration system. The existing contract framework can be developed to allow payments for improving oral health, continuing care responsibility and better quality, as well as for increased activity. The Government must work with the profession and pilot these new incentives to ensure that any problems are quickly resolved.

I had the perfect preparation for this debate, because I visited my local dental practice, as a patient, just two weeks ago. I attend TLC 4 Smiles, in Leek, which has eight surgeries with four full-time dentists, as well as full-time hygienists and therapists. It covers about 20,000 patients and has existed for more than 10 years. I am glad to say that I signed up as its first NHS patient. On that occasion, my dentist was Dr. Sophie Mitchell. She is a delightful lady who gave me a complete and comprehensive examination—clearly checking for oral cancer—an assessment of my dental health and then a scale and polish. She had no idea who I was until, when she had finished, I started talking to her about the Steele review. I was amazed that she told me, quite voluntarily, that she had moved from being a 100 per cent. private dentist to a 100 per cent. NHS dentist. When I left, I was offered an appointment in a year's time. That is what we need from our NHS dentists: good access, prevention and high-quality provision for the whole family.

The Opposition motion proposes the reintroduction of school dental screening programmes. I agree with the hon. Member for North Norfolk (Norman Lamb) and the Minister that that is just window dressing. Those programmes have been proved to be ineffective, which is why they were stopped. If the Opposition are really interested in increasing preventive care, improving children's dental health and reducing dental health inequalities, they should be proposing to increase investment in Sure Start and similar initiatives and pushing the fluoridation of water supplies. Sure Start brings together health, education and social services to help pressurise mothers with children under four. It is the perfect vehicle to promote good, early oral hygiene alongside good access to NHS dentists. Fluoridation of water in Birmingham has provided huge benefits to children, compared with unfluoridated Manchester. The figures are very clear on the benefit of fluoridation.

Fluoride toothpaste has also made a significant difference, and I commend my local PCT, NHS North Staffordshire, for its work to promote good dental health. I have joined it in wet and windy supermarket car parks and in town centres where its representatives have engaged with shoppers on oral health issues. It also attended my recent health MOT days, which are events that I have organised to promote public health, and I am grateful to NHS North Staffordshire for having the forward thinking to provide the health professionals who carried out health checks, such as on blood pressure, body mass index, cholesterol and blood sugar levels. We had an amazing response. During the two MOTs that I organised, more than 800 people turned up, and the dental health team played an important role at the events. I put on the record my thanks to PCT chief executive Tony Bruce, to Lesley Goodburn and to all the health professionals, including health visitors and district nurses, who worked so hard to make those events such a success.

One of the criticisms in Professor Steele's report is that PCTs are no good at communicating with people about how to find a dentist. I am pleased to say that my PCT, having awarded a new NHS contract to two doctors in Biddulph—Mr. and Mrs. Keen—was very proactive in advising potential patients on how to sign up for that excellent NHS service.

Through my local newsletters I was able to hand Mr. and Mrs. Keen the names of about 500 families looking for an NHS dentist in Biddulph. Very quickly, they signed up thousands of patients, many of whom had not been to a dentist in years. One constituent—a man in his 40s—told me that he had not been to a dentist for well over 20 years, after a bad experience as

[Charlotte Atkins]

a youngster. However, the pain that he was in and the persuasion of his girlfriend finally led him to pluck up the courage to go. The Keens did such a fantastic job that he has never looked back. The Keens in Biddulph and TLC 4 Smiles in Leek are the modern face of NHS dentistry. As a Government we must do all that we can to support them.

6.5 pm

Sir Paul Beresford (Mole Valley) (Con): I will be mindful of your point that I will have to scurry along a little, Mr. Deputy Speaker.

I should point out first that I have a declared interest. I was going to be succinct and not touch on fluoride, but I can hear a hobby horse being saddled up in the Chamber just along from me, and I am bothered that my hon. Friend the Member for New Forest, East (Dr. Lewis) will have the blinkers on himself rather than the horse. In this case I support the Minister, which is probably damaging for him. He is absolutely correct: the case that was raised in the intervention was a consultation. Consultation is a normal approach for local government and the NHS in many areas throughout the country. There is an ongoing consultation in my area about the hospitals and hospital services. That is the correct way to do things, and the Water Act 2003 was adapted as it went through so that that approach would be adopted.

In the case of fluoride there is a good reason for that, which is, as the Minister lightly touched on, that the scare tactics and extraordinary stories used by the opponents of fluoride frighten people. I have been in the field for some considerable time and I have heard accusations that fluoride makes people sterile—accusations which make every man deeply worried—that it is used as a poison, that it makes the tea taste strong or weak, or just different, and so on. In the consultation, therefore, as in most local government consultations, the responses were checked to see whether they were valid.

Perhaps the silliest example is from some years ago, when a friend of mine was discussing fluoride at a big public meeting. He came through with all the statistics and so on, but at the conclusion of the meeting a gentleman got up near the back of the hall and said that he had been doing his own research too. He had researched a coastal town without fluoride where predominantly elderly people lived, and a new town with fluoride, where mostly young people lived. He said that the VD rate in the young town was higher than in the old town, and that, therefore, putting fluoride in the water supply led to venereal disease. The disturbing thing was the number of people in the hall who seemed to agree with that rather weird synopsis of the decision.

To get back to today's debate, there is much that I do not have to say, because my hon. Friend the Member for South Cambridgeshire (Mr. Lansley), backed to some degree by the hon. Member for North Norfolk (Norman Lamb), has covered many of the points. The dentists are very upset. As the Minister accepted, many of them opted out, hedging over signing the contract. His predecessor set up an implementation panel that is supposed to ease the way through, but we have not heard anything about that.

Local commissioning has become the done thing. There were 300 PCTs, but they were reduced to about 150, which caused chaos. Most of the PCT officials were complete dental novices and there was considerable confusion. Many PCTs are now doing their own thing—I suppose that we could call it 150 variations on a theme. The extra bureaucratic cost of all those little PCT units struggling to do their own thing on a muddled contract seems obvious.

One of the problems is that dentists are paid by units of dental activity, which are allocated, probably by a non-dentist, in ranges of supposed difficulty of task. How one could get the same UDA for a molar root canal, which probably takes an hour and a half to complete properly, assuming that it is not sitting on an infection, and for the alternative solution, namely 15 minutes for an extraction, is beyond imagination.

In addition, after asking to get away from the treadmill, dentists found not only that they were still on it, but that it had an allocation of UDAs. Some of those UDAs were low and, as my hon. Friend the Member for South Cambridgeshire pointed out, the dentists completed the tasks early, then turned patients away because they had run out of UDAs. Perhaps more seriously, however, others failed to meet their targets. They suffered clawbacks, and the deficits were loaded on to the contract target for the following year. That is worse than any treadmill that they might have been on before.

A number of dentists have had considerable financial difficulties, and the realisation that many of the UDAs had different values in different practices only added to the confusion and discontent. Oddly enough, most people—including dentists—do not like being paid lower rates than their colleagues for performing identical tasks. I understand that a few primary care trusts are correctly trying to iron out that problem, but many have not bothered.

The new, untried contract has been mentioned—the so-called Warburton access programme. Understandably at this stage, the British Dental Association is advising against any dentist signing it. As I understand it, dentists feel that the new contract gives the PCTs even greater control over dental ownership and practice. Research by a number of the dental media, such as *Dentistry* magazine, suggests that the relationship between many PCTs and dentists in many areas is extremely poor.

Because of the contract's structure, a dentist gains the same number of UDAs for a patient who needs one filling as for a patient who needs 15. There is therefore an understandable reluctance among dentists to tackle new patients who might present with extremely complex work. The amount of more complex work being undertaken has therefore dropped, and many of the NHS laboratories that provide back-up services are suffering a rather cool freeze.

It must be said that some dentists and some PCTs appear to have made the system work. Indeed, some have been so successful that they have been accused of working the system, rather than making the system work. The comments about "gaming" that have come out of Richmond House are not helpful. Added to that, dentists are feeling somewhat persecuted because, when they look over their shoulders, they see that the General Dental Council—the policing organisation—has 24 members, yet only three of them are dentists or have dental experience. They also see that the National Institute for

Health and Clinical Excellence, the quango that has proclaimed on dental recall intervals, does not even have a dentist among its ranks.

In England, NHS dentistry is a world-class mess. I firmly believe that we need a public dental service. Ministers, however, measure access by the numbers of treatments. I believe that the measure should be the number of dentists who offer NHS dentistry as a choice for patients. Registration would enable such a count, and that would be the case whether the patient chose NHS treatment or private care. That is the key point: the patient should have the choice. A decayed tooth filled with an NHS amalgam or with a private porcelain inlay is still a restored tooth.

There is much world-class dentistry provided in this country. Much of it is leading-edge advanced dentistry. We have world-class dental schools training students in world-class dentistry. They are producing porcelain and composite restorations, and beautiful world-class endodontics with microscopes and rotary nickel titanium instruments. They also produce carefully crafted obturations, inlays, onlays, all porcelain restorations and implants. The sad thing is that, given the present system, those students will move out into the real world of UDA targets, amalgams, high-speed endodontics and extractions. We need to bring back choice for patients. The blinkered view that just because it is the NHS it is best completely blocks the patient's opportunity for choice. I hope that those on both Front Benches will think very carefully about that.

6.14 pm

Mr. Eric Martlew (Carlisle) (Lab): Thank you for calling me to speak, Mr. Deputy Speaker. If you think I am going on too long, you can remind me to sit down.

The last time that I spoke on dentistry was in the spring of 2006, when my constituency had a major problem of dentists opting out. There was one disgraceful incident in which a dentist who had done so wrote to his patients and told them that they had to come and apply the next day, and that if they did not, they would not get on to his list. He was actually giving out raffle tickets to the lucky ones who were going to stay with him.

Since then, however, things have improved greatly. We now have about 10 new dentists in Carlisle and Penrith, with more on the west coast. We have a large practice staffed by European dentists right next to my office in the centre of the city. They are not Polish, but German. The reason why the Germans are coming over here is that they can make more money working for the NHS in this country than they can working as dentists in Germany.

We have progressed greatly, and I was particularly pleased to receive an invite to the opening of the Carlisle dental centre on 25 February this year, which I will always remember. It is not only a multi-million pound emergency centre, but part of the Cumbria and Lancashire dental school, so we are now training dentists for this rural area. One of the arguments for training there is, "Where they train, they settle." In contrast to the Conservatives, who closed two dental schools, we have opened two of them, so things have improved greatly—and rightly so. I worry about what would happen if a Conservative Administration came in, because we know that they started the rot when they broke the contracts of NHS dentists—I know that that goes back a long time—and closed the dental schools. We have to ensure that that does not happen again.

Fluoridation, which is an issue that angers me, has been discussed. I agree with the hon. Member for Mole Valley (Sir Paul Beresford) on that subject. I remember that this issue was on the agenda when I was the chairman of a health authority more than 32 years ago, when I suspect that the hon. Gentleman was training as a student dentist. I suspect that he was told that fluoride improved the health of children's teeth, yet we have done almost nothing about it.

On the west side of Cumbria, fluoride has been in the water for 40 or 50 years, and people are not dying early—if they were, it would probably be blamed on Sellafield rather than fluoride anyhow! The reality and fact is that fluoride improves the health of children's teeth. I suspect that most Tory Back Benchers would argue that fluoride should not be put in the water, yet it is a scientific fact that it works. My Government, however, have also failed to get this issue brought forward as it should have been. We should have encouraged water authorities to increase fluoridation year on year, but we have stalled. I remember voting in favour of fluoridation on a free vote in this Chamber about three or four years ago, but I suspect that no real progress has been made since then. Consultation will be used as an excuse for doing nothing. We must move forward on this issue.

I shall speak briefly about charges, which have not been much mentioned. In fact, my hon. Friend the Member for Staffordshire, Moorlands (Charlotte Atkins) mentioned them, but not in the context of how charges put people off going to the dentist. It is difficult to go to the dentist anyhow in that we know it is likely to be painful, but finding that there is a charge makes it worse, which shows the difference between the GP service and the NHS dental service. It may always have been the case, but we have to remember that some working people in this country simply cannot afford to pay the charges, so they will put off going to the dentist as long as they possibly can and then go to the emergency services.

In an ideal world, I would stand up to say that if we are serious about universal access, we should abolish these charges. If I look to the future, however, I see other major priorities for the NHS and financial constraints on Government spending. Although this has been done to some extent, my appeal to the Minister is to give some assurance in her reply that a Labour Government will acknowledge the fact that many people find it very difficult to pay those charges, never mind going private. The hon. Member for Mole Valley spoke about patient choice—choosing to go private or choosing to go to the NHS—but if people do not have the money, there is no choice.

Sir Paul Beresford: When I started working in the NHS in this country, in east London, there were no fees. When the fees were introduced, patients started to question the work. They began to ask whether it had to be done, why it had to be done, why if it had been done last time it had to be done again, and so forth. The introduction of fees brought about monitoring of the dentist by the patient, and therefore it was a very good thing.

Mr. Martlew: I suspect that those who questioned whether the work needed to be done were those who could afford to go and see the hon. Gentleman. That is

[Mr. Martlew]

the point. I fear that a Conservative Government will take the view that this is an area in which they can put up the charges. We have already heard one Member say that he had experimented with NHS dentistry. My fear is that the Conservatives will raise the charges, because they are not really convinced that we need NHS dentistry. I suspect that most of them opt for private treatment.

We need an assurance from the Government that they will bear in mind the level of charges. I know that since 1997 we have kept them down, but we must bear in mind what people can afford, and the least that we can do is freeze charges for the foreseeable future.

6.21 pm

Dr. Julian Lewis (New Forest, East) (Con): I do not know which of the following two slogans resonates more with you, Mr. Deputy Speaker, but I know which resonates more with me. There is "The people will decide" on the one hand, and there is "The people do not know what is good for them" on the other. "The people will decide" is the slogan that the Prime Minister used when he visited Southampton and was asked whether fluoridation would be imposed on the city of Southampton—and, by extension because of various configurations of the pipework, on 8,000 of my constituents in the town of Totton as well. It was a banner headline: "The people will decide".

Well, the people tried to decide. They responded to the consultation on fluoridation in very large numbers, and, as I said earlier in an intervention, 72 per cent. of respondents decided that they did not wish their water supply to be fluoridated. The strategic health authority, however, decided differently. Its members do not live in the area affected by the proposed fluoridation, apart from, I think, one member of the board. This was supposed to be a decision for local people, but those non-local people decided that although 72 per cent. of respondents did not want the water supply to be fluoridated, fluoridated it would be. One thing that the leader of my party keeps saying—there is a resonant effect on society whenever he says it—is that people do not like being taken for fools. It does not matter whether politicians are attempting to fool them over dodgy weapons dossiers, dodgy expenses systems or dodgy consultations, but they do not like it.

If the case for fluoridation of the water supply is as scientifically strong as its advocates make out, its advocates have been singularly unsuccessful in persuading people to agree with them. It may be that my hon. Friend the Member for Mole Valley (Sir Paul Beresford) thinks that I am blinkered because I do not believe in mass medication via the water supply, and it may be that he thinks that my constituents are foolish and believe all sorts of old wives' tales because they reject it; but, in a democracy, it is up to him and people who think like him, and people who think like the Minister of State, to persuade the people to do what they think is right. I am sure that the Minister believes passionately that it will help people to have their water medicated with fluoride. For all I know, he may be right—for all I know, he may be hopelessly wrong—but I am sure that he believes passionately that it is in the interests of people to re-elect a Labour Government at the next general election.

Mr. Martlew: Will the hon. Gentleman give way?

Dr. Lewis: No, I will not. I am sorry, but the hon. Gentleman has had his go, and I have very little time.

I am sure that the Minister believes that passionately, just as my hon. Friends believe passionately that it is in the interests of the people to kick out this failing Government and elect the Conservatives. The one thing that we agree on in those contexts is that if we want those things to happen, we must persuade the people. We must give them the choice and the final say. What is more, if we are telling them that we are giving them the final say, we should give them the final say and not cheat them.

After the Prime Minister came to Southampton, and after the decision was nevertheless taken that fluoridation was going to occur in our water supply, I tabled a parliamentary question, which was answered by the Minister who will wind up this debate. I asked what the Prime Minister meant when he said that local people will decide this question. The response was as follows:

"The Prime Minister's statement serves to highlight the legislative requirements contained in section 89 of the Water Industry Act 1991 whereby a strategic health authority must 'consult and ascertain opinion' before requesting a water undertaker to increase the fluoride content of a water supply."—[*Official Report*, 22 June 2009; Vol. 494, c. 722W.]

When one looks more closely at the regulations concerned, one is made aware of the Water Fluoridation (Consultation) (England) Regulations 2005, and in particular regulation 5, which reads like something straight out of Orwell's "1984":

"A Strategic Health Authority shall not proceed with any step regarding fluoridation arrangements that falls within section 89(2) of the Act unless, having regard to the extent of support for the proposal and the cogency of the arguments advanced, the Authority are satisfied that the health arguments in favour of proceeding with the proposal outweigh all arguments against proceeding."

Sir Paul Beresford: Hear, hear.

Dr. Lewis: My hon. Friend says "hear, hear", which is fine, but in that case why bother to consult at all, because what that really means is that the health authority knows best? If 72 per cent. of people say no but the health authority says yes, the health authority gets its way. If 82 per cent., 92 per cent., 99 per cent. or 100 per cent. of the people say no, my hon. Friend, the Minister and the people who think like them say, "Tough luck chaps"—and chapesses in these equalitarian times—"you're going to get it anyway." That is utterly unacceptable, and it is undemocratic.

We on my side of the argument are denounced as reactionaries. Well, it is interesting to see the company we are in when we are denounced as such. I am a Conservative—I am, indeed, a right-of-centre Conservative—but Mr. John Spottiswoode, one of the most articulate and outspoken opponents of this locally, is a candidate for the Green party. Councillor David Harrison, the Totton county councillor, and the hon. Member for Romsey (Sandra Gidley), who is not in her place at present, are also not usually regarded as reactionaries; they are, in fact, rather prominent and articulate Liberal Democrats. The Hampshire county council overview and scrutiny committee is made up of a highly qualified collection of people, and it is seriously worried about the way in which this consultation has been carried out.

Most interestingly of all, however, the right hon. Member for Southampton, Itchen (Mr. Denham), a member of the Cabinet of course, and the hon. Member

for Southampton, Test (Dr. Whitehead) have both said that although they are personally in favour of fluoridation, they believe that a stop should be put to the process because of the lack of public support. I am not cynical enough to think that those two Labour politicians are saying such a thing just because there is a general election coming next year. I reject that view—I am sure that they are saying that out of principle. They are saying it out of principle, and so are we.

I shall conclude by referring to the letter I was delighted to receive recently from my hon. Friend the Member for Hemel Hempstead (Mike Penning), who will wind up for the Conservatives. He wrote that he was "happy to clarify" our position on this issue. He stated:

"there are serious questions to be raised about the methodologies employed"

in the consultation and that

"public consent is vital to the implementation of any compulsory fluoridation scheme. Communities should have to give their approval for any proposal before it is permitted to go ahead".

That is the position of the Conservatives, whether or not every individual dentist on my own party Benches chooses to endorse it.

6.29 pm

Mr. Colin Breed (South-East Cornwall) (LD): I am pleased that so many areas of this country have had their access to dentistry improved, but that improvement has not been the experience of people in Cornwall, particularly those in South-East Cornwall, who for more than the past 10 years have seen a declining service in NHS dentistry. More and more dentists have retired and not been replaced, and many have left to go into private practice. The declining and appalling service that we have experienced has been raised in this House on many occasions, and it has been brought to the attention of the primary care trust. Even in its most recent strategy, it failed to put this service in its top 10 priorities.

Some people who move to Cornwall, because it is such a nice place, suddenly discover that they cannot get an NHS dentist and decide, therefore, to hang on to what they have. As a result, some people travel back on a regular basis from Cornwall to north Devon, Reading, Bristol, Somerset and other places to see their dentist because they cannot access a dentist locally—the waiting lists prevent their doing so. That is not to say that we have not been given anything recently. Some emergency dental services have been provided—someone who is in dire pain and dire need might get in, within 24 or 48 hours, to receive some emergency services—but that is not good enough for people who want a proper NHS service. I am also pleased about the new dental school at the Peninsula medical school. I hope that—I think that there have been indications about this in the past—the fact that new dentists are being trained there might encourage them to stay after their training and, thus, build up the dentist population in Cornwall. I hope that that will happen through the NHS—if there is a compulsion for them to do NHS work when they have finished training, that might assist. However, there is no guarantee that they will remain NHS dentists or that they will remain in the area.

It was no surprise that during the summer the last NHS dentist in Saltash in my constituency, which is the sixth largest town in Cornwall, left the NHS and went private. I just want to read part of a letter sent to me by the dentist, to whom I wrote asking for an explanation, which sums up precisely what so many have said today:

"I have worked as an NHS dentist for 20 years, and had always imagined I would carry on working for the NHS for my whole working life. I would consider myself a caring professional, and I hope many of my patients would back me up in this statement. I had warned the PCT that I may have to go private if they could not help, unfortunately I think they may have wanted to rely on my better nature not to change at all."

The dentist continues by saying that at a meeting with the PCT's commissioning and performance manager in June, he

"asked if it was possible to have a child only [0 to 18 years] NHS contract and they declined. I also asked the PCT for an NHS contract to continue seeing those adults who were exempt from NHS payment charges [those receiving state benefits] and they declined this also. The targets that the PCT were asking us to achieve were unrealistic and we also want to spend more time with each patient, discussing prevention of oral problems and how to look after one's mouth. I thought long and hard…but…I had…to leave".

Unfortunately, that has been the experience of far too many dentists in Cornwall, particularly those in South-East Cornwall. The Minister of State, Department of Health, the right hon. and learned Member for North Warwickshire (Mr. O'Brien), is not in his place, but he was suggesting that he might visit. I would welcome the visit to Cornwall of any health Minister—they could meet me or any of my colleagues—so that we can hunt down greater access to dentists. Greater access is simply not true down in Cornwall, and it has not been for years. It is about time equality of access was actually addressed.

6.33 pm

Mike Penning (Hemel Hempstead) (Con): It is a pleasure to sum up on behalf of Her Majesty's Opposition on such an important debate, which has taken up so much of my time since I became a Front Bencher. As we have heard, dentistry does not take up the largest part of the NHS budget—some £2.7 billion of some £110 billion is spent on NHS dentistry annually in this country—but it is something that affects nearly everybody in this country, whether or not they go private. I shall return to the comments made by the hon. Member for Carlisle (Mr. Martlew) about where I go for my dentistry in a moment, although I must say that he clearly does not know me very well.

The shadow Secretary of State summed up very well the problems within NHS dentistry, which explain why this debate has been chosen by Her Majesty's Opposition so quickly after the summer recess. That was done—I shall come on to this in more detail in a moment—because we welcomed the Steele review, which the Government accepted in full. I asked the Under-Secretary whether she accepted it in full, and she said yes. The Steele review is there, and I welcome it. I have spoken to Professor Steele since he published his review and I think that it was a very important way to look forward. It is visionary—it has similarities to Lord Darzi's review in that respect—although it perhaps does not have the detail that we were looking for about how we should implement some of those ideas. We have those ideas, and the shadow Secretary of State laid them out earlier.

I want to touch on some areas to do with our policy on dentistry that we did not have a chance to discuss earlier and I also want to make comments on the contributions made by each individual Member who

[Mike Penning]

has spoken in the debate this afternoon. This has been a sensible debate. I have to admit that some of the comments that I have heard about how brilliant the availability of NHS dentistry around the country is seem to be anomalous to the letters and correspondence that I get and the comments I hear from dentists. As we heard earlier, provision is patchy and in some parts of the country it works well whereas in some parts of the country it is appalling. How can that be right in an NHS in the 21st century?

Let us consider some of the comments that were made during the debate. I have been on the platform many times with the hon. Member for North Norfolk (Norman Lamb) to discuss dentistry. I was slightly surprised when he said that he did not quite know whether we were going to get rid of the contract, keep it, twist it or do whatever else with it. I have stood on the platform with him many times and said that the contract in its present form is unworkable, that it is a damaged brand and that it needs to be phased out. We intend to phase in the new contract alongside it. We will pilot the hours—the pilot is important—but we will not ignore the pilot, as the Government did in 2006 and appear to have done again now, and force something on dentists.

Norman Lamb: I am grateful for that sort of clarification. It was merely that the hon. Gentleman said that he accepted Steele's recommendations, and Steele says that we should build on the existing contract framework, develop it and, if necessary, make some changes to regulations. Essentially, he says that we should build on what is there at the moment. Is the hon. Gentleman saying that that is not the approach that he would take?

Mike Penning: I have said that there are very good things within Steele, but that how we implement what he is saying is much more difficult than simply saying, "I have a vision." We do not feel that one could leave the contract in this form, discredited as it is within the profession and around the country—it is discredited not only with patients but with dentists too. It is absolutely right to say that if we came in on day one and scrapped it, there would be chaos—there would. There is chaos in parts of the country now, but there would be more chaos. The new scheme needs to be phased in and to be piloted and dentists need to know from day one where we are going and we need to work with them, unlike what is happening at the moment.

Let me touch on the school inspections, which have been commented on by my hon. Friends the Members for South Cambridgeshire (Mr. Lansley) and for Mole Valley (Sir Paul Beresford). If we only do school inspections and nothing else—if a dentist merely walks into a school, looks at a child's oral health and walks back out again—there is no point doing it. That is not what we are proposing. It has to be based on education, and on training for people in the schools and for the nurses in the schools. We also need to look inside that child's mouth—in many cases, sadly, they will never have had any oral expert look at their oral hygiene at all.

I say to hon. Members and to people around the country—I have said it to the British Dental Association, too, so it is no secret—that if they think that it is acceptable for children in our schools today to have abscesses and rotting teeth at such an early age and for us to do nothing about it, they should come up with another idea—

Mr. Martlew: Fluoride.

Mike Penning: I hear a comment from a sedentary position that it is just about fluoride. It is not just about fluoride. There has been enough fluoride in toothpaste in this country for many years.

Mr. Martlew: Will the hon. Gentleman give way?

Mike Penning: No, thank you. The hon. Gentleman has said enough from a sedentary position.

If school inspections are so wrong, how come one in seven primary care trusts in this country still carry them out? They have made the decision to put their money where their mouth is and to still do that. That is very important.

I also listened carefully to the hon. Member for Staffordshire, Moorlands (Charlotte Atkins), with whom I served on the Select Committee. I congratulate her on convincing the Committee to look into dentistry. I would have thought that it would have been an easy process—I would have thought that all Members of the Committee would have realised what a crisis there was.

The important part of the hon. Lady's speech was her understanding of the problems with the unit of dental activity. The Select Committee saw the problems in having such a small group of bands. It is not good for the patient, because they do not understand exactly what they are paying for when they hear of someone who had a lot less treatment paying exactly the same. The bands have to be expanded, as we have said, but they also exert a perverse influence on dentists. What should they be interested in when they look inside a person's mouth—oral hygiene, or how much money the job will cost and how much they will get? I know that the Health Committee looked at that, because it was one of the biggest worries expressed by dentists.

It cannot be right that dentists get paid the same to do one filling, or six. The money has to be based on the activity that is undertaken. Earlier, and again from a sedentary position, the hon. Member for Carlisle made it clear that he was worried that more extractions than fillings are carried out these days. In fact, there has been a 45 per cent. reduction in the amount of root canal work done in this country since the new contract came in.

Mr. Martlew: Will the hon. Gentleman give way?

Mike Penning: No, you have had your opportunity already. There are more extractions and fewer fillings now: those are the facts, as given in evidence to the Health Committee. That Labour-dominated Select Committee produced a devastating report about dentistry in this country.

Mr. Martlew: Will the hon. Gentleman give way?

Mike Penning: If you want to get on the Health Committee, I suggest that you talk to your Whips. Then you can contribute in a better way.

Mr. Speaker: Order. May I just say to the hon. Gentleman that I know that he will not want to use the word "you" again?

Mike Penning: Thank you very much, Mr. Deputy—I am sorry, I mean Mr. Speaker. Perhaps "Deputy" is another word that I should not use too often.

My hon. Friend the Member for Mole Valley knows so much about dentistry that sometimes it is very difficult for me to talk to him about these matters. He probably knows more about them than anyone else in the House, and I was very interested when he said that dentists were less worried about what happened when they ran out of UDA than they were about the money that is then clawed back. Although they may want to treat the new patients that come to them, the fact that they do not have enough UDA means that they are not able to.

It is astonishing to me that, in the past nine months, we should have had two debates about the types of contracts that are out there yet hon. Members and the public still do not realise that, unless they are having treatment, they are not registered with an NHS dentist. In his report, Professor Steele made it absolutely and categorically clear that registration was crucial. He said:

"We recommend that patients register in a continuing care relationship."

However, you cannot have such a relationship if the dentist is not responsible for continuing care. If you only go to him when you have problems, he is not responsible for your continuing care. That is why registration is so important, and why we need to make sure that dentists, like GPs, are responsible for people's preventive care.

Earlier, the hon. Member for Carlisle said, again from a sedentary position, "I bet he's always gone to a private dentist," but—

Mr. Martlew: On a point of order, Mr. Speaker. That is not true. I did not say that about the hon. Gentleman.

Mr. Speaker: I am grateful to the hon. Gentleman, but I suspect that that represents a point of debate to which the hon. Member for Hemel Hempstead (Mike Penning) may or may not wish to respond.

Mike Penning: Where people in this country go to the dentist is a matter for them, and I happen to be lucky enough to have an NHS dentist. In fact, most of the time my dental hygiene was looked after by Her Majesty's armed forces. That care was not private either.

In many parts of the country, people do not have the choice to go and see an NHS dentist. There is no point in being delusional about the fact that NHS dental provision is good in some parts of the country and bad in others. Sadly, the current system is fundamentally failing millions of people who would prefer to have an NHS dentist looking after their continuing oral hygiene needs.

My hon. Friend the Member for New Forest, East (Dr. Lewis) defended local democracy to the hilt. He read out the relevant correspondence and my hon. Friend the Member for South Cambridgeshire, the shadow Secretary of State, set out our party's position on these matters. However, one specific thing would help to ensure that an awful lot more children got to see an NHS dentist—the removal of the ban that the Government introduced that prevents children from being seen only on the NHS.

In a perfect world, NHS dentists would be available to everyone who wanted to see one, but the crisis is most serious when it comes to children. For a large proportion of the adult population, the damage has been done already, but children's dental care is the crisis area and that is why we would allow NHS-only contracts for children. That would have the important effect of encouraging dentists back into the NHS. We do not have a shortage of dentists in this country: what we have is a shortage of dentists willing to work in the NHS. Those are the facts.

We train huge numbers of dentists. In his opening remarks, the Minister told the House how many dentists are being trained in this country at the taxpayer's expense, but as the hon. Member for Staffordshire, Moorlands said, they may not even stay in the NHS. We train them very well, with some of the best—probably the best—training in the world, but once they have done that training, they can walk away from the NHS and the taxpayers who pay for it. We must ask them to stay at least partly within the NHS; it is important that we do so. This has been an important debate. I am pleased that so many Back Benchers have—

Mr. Mike O'Brien: Will the hon. Gentleman give way?

Mike Penning: No.

Mr. O'Brien *rose*—

Mike Penning: I have said no. I have indicated the position of my party throughout the debate. There has been a long time for everybody to participate. With a minute to go, I shall defend the statement that the NHS must be there for everybody. NHS dentists must be there for those who wish to have an NHS dentist. That is not the position today, but it will be under a Conservative Government.

6.45 pm

The Parliamentary Under-Secretary of State for Health (Ann Keen): I thank hon. Members for the high quality of this evening's debate. We may often disagree on the specifics of policy, but I hope that we none the less share a commitment to providing high-quality national health service dentistry to everyone who wants it. Dentistry has come a long way in recent years, although we all know that there is still further to go. The Government believe that the best decisions are those made closest to the ground. That principle of devolved, local decision making is at the heart of everything that is happening in the national health service today, and at the heart of NHS dentistry.

The new contract in 2006 gave primary care trusts the power and the responsibility to shape local dentistry services to fit the specific needs of their communities. Many have risen to that new challenge and are providing excellent NHS dental services. I could give many examples; some have been given in the Chamber this evening. South Tyneside primary care trust, like much of the north-east, has a history of ensuring good access to NHS dentistry, but now the PCT is working with local

[Ann Keen]

dentists to improve the quality and efficiency of the services that it provides. The aim is to improve services for patients while providing best value for money.

Although places such as South Tyneside are good, other areas are not as good, as we have heard today. Where progress is uneven, we need to go further. That is where Professor Jimmy Steele's review has proved so valuable. It has helped us to understand further the modern landscape of dentistry and the needs of the population, and that the focus of modern dentistry must be on prevention, the maintenance of oral health and quality. It also helps us to understand that different generations can have very different needs. We are asking our dentists for different approaches in light of that. We are starting to test the recommendations. PCTs that tender for new contacts so as to increase access to dental services are starting to place qualitative measures in their contracts. Depending on the results of piloting, we will start to roll out the Steele recommendations on quality to all contracts for dental services.

In the past two years, funding for NHS dentistry has increased by the best part of £400 million a year. That is extra money going to the front line, and that gives more people better access to high-quality dental care. However, the issue is not only about spending more; it is about spending better. The national dental access programme is helping PCTs to get the most out of existing services, looking at how things are organised on the ground and offering advice and guidance on how they can be improved within existing budgets.

The last time I stood at this Dispatch Box to debate dentistry was in December last year. I assured the House that access to NHS dentistry was about to increase. If I remember correctly, the Opposition did not share my confidence. Well, I am delighted to say that I was correct. The NHS information centre's latest statistics show that the number of people who have been able to see an NHS dentist has risen by 720,000 over the past year. I hope the House will believe me now when I say that the growth in access will continue in the years to come. We are on course to achieve and, indeed, surpass the Opposition's rather unambitious target of an extra 1 million people. Trust the Government and this party to do the job properly. Trust this nurse. People should always trust the nurse when she is telling them what we will achieve.

We are well on the way towards replacing the access lost when a minority of dentists decided not to accept the new contracts in 2006, but we aim to go much further. Every strategic health authority is committed to making sure that by March 2011 everyone who wants a dentist can access an NHS dentist. We are committed to implementing Professor Steele's recommendations to improve both the quality of dentistry for patients and the working lives of dentists.

In the time that we have left, I will endeavour to answer as many as possible of the questions that hon. Members raised. As is traditional, if I fail to answer any questions we will write to the Members who participated in the debate. The hon. Member for North Norfolk (Norman Lamb), speaking from the Front Bench for the Liberals, made a positive contribution and spoke about quality, prevention and inequalities. He reminded us of the importance of good negotiations with the BDA, and I take note.

My hon. Friend the Member for Staffordshire, Moorlands (Charlotte Atkins), who is known for championing dentistry in the House, and in particular fluoridation, spoke about TLC 4 Smiles for herself. She also mentioned a Mr. and Mrs. Keen, who were making a valued contribution to dentistry in her area. May I say to all in the House and to any journalists who may be present that I have only the one job. On this occasion I can also vouch for my hon. Friend the Member for Feltham and Heston (Alan Keen).

The hon. Member for Mole Valley (Sir Paul Beresford), who spoke from his experience as a dentist and brought much experience to the Health Committee and the all-party group on dentistry, referred to the BDA survey. That survey also stated that relations between PCTs and dentists was very good indeed, citing 87 per cent. of cases that were reported. That report was published yesterday and we should acknowledge its findings.

I thank my hon. Friend the Member for Carlisle (Mr. Martlew) for his comments on the improvements that have been made. He mentioned the important matter of charges, which is dear to the hearts of all Members, especially those on the Labour Benches. All children and about 30 per cent. of adults are exempt from charges.

The hon. Member for New Forest, East (Dr. Lewis) raised with typical forcefulness and passion the subject of regulations. I should point out that those regulations were passed in the House on a free vote. I cannot go further as the matter is subject to a judicial review.

The hon. Member for South-East Cornwall (Mr. Breed) highlighted important topics. From next spring the PCT responsible for Saltash is commissioning new services that will offer care to all sections of the population. He also mentioned that the new dental school in the south-west peninsula, part of the development of a dental education centre, is under construction in Truro. For the first time, dentists will be trained in Cornwall.

Speaking from the Opposition Front Bench, the hon. Member for Hemel Hempstead (Mike Penning) stated that should the Conservatives be in government, dentists would be required to work in the NHS. I should be grateful if he would explain how long they would be required to do so and how he intends to achieve that.

Mike Penning: If someone is trained by the NHS at taxpayers' expense, they will have to have a built-in loyalty to the NHS. We have said, and not just today, that they will have to work in some shape or form for five years in the NHS in order to pay back its contribution to their training.

Ann Keen: Those are very interesting comments, indeed. That proposal is similar, of course, to registration, because registration was in fact a payment to register. Our dentists today recall patients, and they have continuity of care.

Mr. Lansley: We have been very clear about our proposal and have made it before: a five-year tie-in for NHS, state-trained dentists so that they remain in the

NHS. The Liberal Democrats agree with us, and it is practised in Scotland. Will Ministers agree with that proposal?

Ann Keen: The registration was a payment. What we are still able to do is—

Mr. Martlew: Will my hon. Friend give way?

Ann Keen: Yes.

Mr. Martlew: I am sorry to interrupt my hon. Friend, but the Opposition would not give way to me. Does she know anything about the policy on making dentists work for five years? Will it apply to doctors as well? Would that not seem fair? Are the Conservatives going to make doctors work for five years for the NHS?

Ann Keen: My hon. Friend makes an excellent point. The proposal is certainly news to Government Front Benchers today, but I think that we should expand on it; perhaps it is something that we should look at. It will be interesting to see how negotiations on it go with the BDA. Perhaps the Opposition will keep us informed, because much has been said today about the professionalism of our dentists. In fact, accusations have been made about the number of extractions that are deemed unnecessary.

We admire our dentists and congratulate not only them on the real hard work that they do, but all the team who play such a role, including hygienists and, in particular, dental nurses. We note also their approach to health inequalities and their serious work with us and Professor Steele to implement the new contract. I have heard nothing from Opposition Members about inequalities.

Mr. Lansley: In my speech I made it very clear that we want people to have greater access to preventive care, and we have made it clear that we will allow people to visit dental hygienists without the requirement of a dentist's referral via a prescription. Will the Minister agree with that proposal?

Ann Keen: I am not sure that the hon. Gentleman would be able to achieve that, because regulation might come into play. He cannot make such statements just to please himself this evening; he has to be able to fulfil them. *[Interruption.]* I am sorry, but he does have to look at his subject area again, because it is just not possible to make that proposal tonight.

We are talking about a team of people who work in our primary care system and are respected and valued in the community. Interesting points have been made today about dentists being asked to work up to five years for the NHS, and it would be very interesting to see how that might be expanded to include other health professionals and members of the health service work force.

We want to congratulate all the dentists who have worked with the contract. It was a difficult contract to introduce, and it has been difficult for some people to implement, but our PCTs, along with our commissioners, are working for dentistry to be accessible for all. We have made a commitment that by 2011 all those who want a dentist will have access to a dentist.

We have heard tonight, yet again, from a Conservative party that pays lip service to everything—

Mr. Patrick McLoughlin (West Derbyshire) (Con) *claimed to move the closure (Standing Order No. 36).*

Question put forthwith, That the Question be now put.

Question agreed to.

Question put accordingly (Standing Order No. 31(2)), That the original words stand part of the Question.

The House divided: Ayes 210, Noes 277.

Division No. 219] **[6.59 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baldry, Tony
Baron, Mr. John
Barrett, John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Beresford, Sir Paul
Binley, Mr. Brian
Bone, Mr. Peter
Bottomley, Peter
Brady, Mr. Graham
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browning, Angela
Bruce, rh Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Campbell, Mr. Gregory
Campbell, rh Sir Menzies
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clegg, rh Mr. Nick
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Curry, rh Mr. David
Davey, Mr. Edward
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Dorrell, rh Mr. Stephen
Dorries, Nadine
Duddridge, James
Duncan, Alan
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fallon, Mr. Michael
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Green, Damian
Greening, Justine
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harris, Dr. Evan
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Holloway, Mr. Adam
Holmes, Paul
Howard, rh Mr. Michael
Howarth, David
Howell, John
Hughes, Simon
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Kennedy, rh Mr. Charles

Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Malins, Mr. Humfrey
Maude, rh Mr. Francis
McCrea, Dr. William
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Öpik, Lembit
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Penning, Mike
Penrose, John
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Rosindell, Andrew
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Selous, Andrew
Shapps, Grant
Simmonds, Mark
Simpson, David
Simpson, Mr. Keith
Smith, Chloe
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Willetts, Mr. David
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Bill Wiggin and
Mr. Stephen Crabb

NOES

Abbott, Ms Diane
Ainger, Nick
Anderson, Mr. David
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Burden, Richard
Burgon, Colin
Butler, Ms Dawn
Byrne, rh Mr. Liam
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Crausby, Mr. David
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Francis, Dr. Hywel
Gardiner, Barry
Gerrard, Mr. Neil
Gilroy, Linda
Godsiff, Mr. Roger
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hamilton, Mr. David
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Humble, Mrs. Joan
Iddon, Dr. Brian
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Mr. Martyn
Jowell, rh Tessa
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kidney, Mr. David
Kilfoyle, Mr. Peter
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McFadden, rh Mr. Pat
McFall, rh John
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann

McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Merron, Gillian
Michael, rh Alun
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, rh Mr. Mike
O'Hara, Mr. Edward
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, rh Angela E. *(Basildon)*
Smith, Geraldine
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Stewart, Ian
Stringer, Graham
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Mr. John Heppell and Mary Creagh

Question accordingly negatived.

Question put forthwith (Standing Order No. 31(2)), That the proposed words be there added.

Question agreed to.

Main Question, as amended, put and agreed to.

Resolved,

That this House welcomes Professor Steele's review report and its endorsement that the principle of local commissioning introduced by the 2006 reforms provides a firm basis on which to develop NHS dentistry; agrees with the vision set out in the review of improving incentives to support dentists in delivering access and quality; acknowledges the Government's commitment to working with the dentistry profession and other stakeholders to ensure through careful piloting that it implements the recommendations in a way that delivers the best possible system for patients, dentists and the NHS; acknowledges that children's oral health in England is already among the best in the world; welcomes the commitment of the NHS to deliver access for all who seek it by March 2011 at the latest, supported by some £2 billion in central funding for dentistry, and understands that access is now growing again; notes that in the last four quarters the number of people seeing an NHS dentist in the previous 24-month period has grown by 720,000; further notes that the dental workforce is growing, with 655 more dentists working in the NHS in 2007-08 and a further 528 in 2008-09; and recognises the support that the dental access programme of the Department of Health is providing to clinicians and managers to help them rapidly expand NHS dental services where necessary.

Business without Debate

Motion made, and Question put forthwith (Standing Order No. 41A(3)),

DEFERRED DIVISIONS

That at this day's sitting, Standing Order No. 41A (Deferred divisions) shall not apply to the Motion in the name of Huw Irranca-Davies relating to Common Fisheries Policy.—*(Mark Tami.)*

Question agreed to.

EUROPEAN UNION DOCUMENTS

Motion made, and Question put forthwith (Standing Order No. 119(11)),

COMMON FISHERIES POLICY

That this House takes note of European Union Documents No. 15869/08. Commission Communication on the Proposal for a Council Regulation establishing a Community control system for ensuring compliance with the rules of the Common Fisheries Policy, and No. 15694/08, draft Council Regulation establishing a Community control system for ensuring compliance with the rules of the Common Fisheries Policy; and supports the Government's objective of ensuring that this proposal delivers stronger, proportionate, more effective control provisions which contribute to the long-term sustainability of fish stocks.—*(Mark Tami.)*

Question agreed to.

DELEGATED LEGISLATION

STANDARDS AND PRIVILEGES

Ordered,

That Sir George Young be discharged from the Committee on Standards and Privileges and Mr David Curry be added.—*(Mark Tami.)*

ACCESS TO PARLIAMENT (UNITED KINGDOM MEMBERS OF THE EUROPEAN PARLIAMENT)

Motion made,

That the Resolutions of the House of 30 January 1989 relating to House of Commons Services and 6 December 1991 relating to Access (Former members and United Kingdom members of the European Parliament) shall cease to have effect insofar as they relate to United Kingdom members of the European Parliament.

Hon. Members: Object.

REGIONAL SELECT COMMITTEE (WEST MIDLANDS)

Motion made,

That Dr Richard Taylor be a member of the West Midlands Regional Select Committee.—*(Mark Tami.)*

Hon. Members: Object.

REGIONAL SELECT COMMITTEE (YORKSHIRE AND THE HUMBER)

Motion made,

That Mary Creagh be discharged from the Yorkshire and the Humber Regional Select Committee and Mr Austin Mitchell be added.—*(Mark Tami.)*

Hon. Members: Object.

REGIONAL SELECT COMMITTEE (SOUTH WEST)

Motion made,

That Linda Gilroy be discharged from the South West Regional Select Committee and Roger Berry be added.—(Mark Tami.)

Hon. Members: Object.

Complementary and Alternative Medicines

Motion made, and Question proposed, That this House do now adjourn.—*(Mark Tami.)*

7.15 pm

David Tredinnick (Bosworth) (Con): I am grateful for the opportunity to address the House on this important issue and I am glad to see the Minister in her place this evening. I wish to consider the House of Lords Science and Technology Committee's report on complementary medicine 10 years on. I shall cover three points: regulation, how we can widen the number of therapies available in the NHS, and the case for more research.

The Committee first met in 1999 and its report states in section 5.53:

> "The Osteopathic and Chiropractic professions are now regulated by law. It is our opinion that acupuncture and herbal medicine are the two therapies"—

which at this stage would most benefit from regulation. I shall start by considering the position of osteopathy and then of herbal medicine.

The Osteopaths Act 1993, mentioned in the report, has been a huge success, but there is a postcode lottery at work. Only 16 per cent. of primary care trusts allow GPs to refer patients to osteopaths on the NHS and an additional 25 per cent. allow GPs to refer patients in exceptional cases. That is wrong, and I ask the Minister to address the problem. Where osteopathy is used in the NHS, its use increases year on year, suggesting patient and GP satisfaction, so the barrier is in the approach of the primary care trusts.

The Minister will be aware that the report from the Department of Health steering group on the regulation of acupuncture, herbal medicine and traditional Chinese medicine was published on 16 June. This followed the work done by Professor Pittilo and the late Lord Chan on herbal medicine and Chinese medicine respectively. The report recommended that in the interests of public health and patient safety all practitioners should be required to attain high standards of competence through the Health Professions Council as soon as practicable.

The Government responded by launching a consultation that will seek views on whether a regulatory system should be established. What is the position of that consultation? I suspect that it has been pushed gently into the long grass. The regulation of traditional Chinese medicine, acupuncture and herbal medicine has been a long and arduous process on which many people have worked—I have met many of them—and we need to know whether the Government are still committed to the process. What is the likely timetable? If nothing happens, we will soon be in the ludicrous situation of the herbal medicinal products directive coming into force in 2011 without appropriately regulated practitioners.

Another issue that we need to address this evening is homeopathy. Section 5.50 of the report says that therapies should be able to seek statutory regulation, and homeopathy is the one therapy in group 1 in the report—the Minister will remember that there are different classifications—that is not statutorily regulated. I am informed by the Society of Homeopaths, which is the largest organisation representing non-medical homeopaths, that there is a move towards statutory regulation through the Health Professions Council. Will the Government look favourably on that application?

Homeopathy has had a long tradition in the health service; it was actually used by Aneurin Bevan—all those years ago—who helped to put it in the health service. However, homeopathy has been under attack, despite the new Royal London Homeopathic hospital. The hospital and those who support homeopathy have faced difficult times, not least the attacks by the so-called scientific establishment and a letter that purported to come from the NHS—it had the NHS logo on it—in May 2007 which was signed by many retired professors of medicine. That letter should never have been sent out under the NHS letterhead.

Attacks have also been made on the efficacy of homeopathy. A letter was sent to the World Health Organisation warning against the use of homeopathy, but it ignored the very clear randomised, double-blind trials that proved that it is effective in the particular area of childhood diarrhoea on which it was criticised. Will the Government therefore be robust in their support for homeopathy and consider what can be done so that it is used more effectively in the health service?

There are also serious problems in chiropractic, which one might call an assisted discipline to osteopathy. The General Chiropractic Council has been bombarded by complaints from bloggers—spurious complaints I would say—which it is obliged by law to investigate. I am very concerned that genuine complaints will not get through and that any practitioner against whom a genuine complaint had been lodged could continue to practise. Will the Minister look at this very unsatisfactory situation, which arose following an individual losing a court case against the British Chiropractic Association?

I would like the scope of complementary and alternative medicine to be widened. Way back in 2001, when I spoke on this subject, I quoted a Minister as saying in Committee that:

> "Services that were considered outlandish several years ago are now almost considered to be part of conventional health care".—[*Official Report, Standing Committee G*, 6 June 2000; c. 81.]

That was in 2001. Now we have a situation in which we can move on even further. The Government have done well with the guidelines from the National Institute for Health and Clinical Excellence that allow for osteopathy and chiropractic for lower back pain. That is definitely a step in the right direction. It has come about only because of the rigorous research carried out, resulting in acupuncture and, as I said, osteopathy and chiropractic being made available.

We now need to bring in other therapies and to ensure that they are made available. That can be done in different ways. The Complementary and Natural Healthcare Council has been set up to regulate some therapies, such as massage therapy, nutritional therapy, reflexology and aromatherapy. However, the numbers are less than expected. Can the Minister help in any way by publicising the benefits of this council to those who might join it?

The Science and Technology Committee reported in four sections. I shall not go through all the different categories, but all those listed—I have reviewed them all—have some validity.

Before turning to research, I want to focus on ethnic treatments, which are used by many people in this country. I am thinking of Chinese and Ayurvedic medicine. I want to look at how they are part of those cultures and at how those cultures look at the sky as part of their medical disciplines. Chinese medicine is closely aligned to feng shui, which is popular in this country and has a sub-discipline called "right directions", and it relies on Chinese astronomy and astrology. I was on the last parliamentary delegation to Hong Kong before we gave it back to the Chinese, where I met Chris Patten's Chinese astronomer and astrologer—it was important to the Chinese that he should have one. Ayurvedic medicine also has a long tradition of looking at astronomical and astrological factors, and Lahiri is the official astrological system of the Indian Government.

In 2001 I raised in the House the influence of the moon, on the basis of the evidence then that at certain phases of the moon there are more accidents. Surgeons will not operate because blood clotting is not effective and the police have to put more people on the street.

I am arguing for more research. I have been criticised for raising the subject, but the criticism is generally based on a misunderstanding. It is based on the idea that I am talking about the stuff that we see in the newspapers about star sign astrology, but I am not. I am talking about a long-standing discipline—an art and a science—that has been with us since ancient Egyptian, Roman, Babylonian and Assyrian times. It is part of the Chinese, Muslim and Hindu cultures. Criticism is deeply offensive to those cultures, and I have a Muslim college in my constituency.

The opposition is based on what I call the SIP formula—superstition, ignorance and prejudice. It tends to be based on superstition, with scientists reacting emotionally, which is always a great irony. They are also ignorant, because they never study the subject and just say that it is all to do with what appears in the newspapers, which it is not, and they are deeply prejudiced, and racially prejudiced too, which is troubling.

Over the past few years I have looked at the issue in detail, as well as at the impact of astronomy and astrology on western herbalism, as taught by Culpeper, whose book "Culpeper's Complete Herbal" has been in print longer than any other book in this country besides the Bible. There are now people who teach, such as Jane Ridder-Patrick, who published "A Handbook of Medical Astrology". They look at aspects of the subject and how it affects people's health. Whatever one believes personally, the issue is one that we should look into and consider. We must get away from this awful, mediaeval superstition.

Finally, I want to appeal to the Minister to fund a little more research. Research into complementary medicine is usually done with individuals, but I am seeking perhaps £5 million and for the research to be placed with the King's Fund, or perhaps another body, for use in universities. It takes about £125,000 to fund a trial. At the moment we just do not know how effective some complementary medicines are in surgeries where different therapies are used. The Government have helped and some useful steps have been taken, but if we are really going to understand the best way of using such therapies, which are increasingly popular, we need more research. I appeal to the genial nature and the good judgment of the Minister to help in this way.

7.28 pm

The Minister of State, Department of Health (Gillian Merron): I congratulate the hon. Member for Bosworth (David Tredinnick) on securing this debate on the important matter of complementary and alternative medicine, which was the subject of an important report by the House of

[Gillian Merron]

Lords Science and Technology Committee, which the Government welcomed at the time and responded to in 2001.

I hope that the hon. Gentleman, whom I listened to carefully, will find it reassuring that the Government's position on complementary and alternative medicines, which I shall refer to as CAM, is the same as our position on mainstream medicines. First, decisions about care are best made by clinicians on the ground. Doctors and health professionals are best equipped to make the right choices for their patients, and local NHS services are best placed to decide which treatments will benefit their communities best. Secondly, the decision to embark on any course of treatment has to be made on the basis of robust clinical evidence. That means clinical trials, peer-reviewed papers, and guidance from the National Institute for Health and Clinical Excellence. Thirdly, the way in which the Department funds new research is through the National Institute for Health Research. The NIHR provides substantial funding for a wide variety of studies that meet strict scientific criteria and that reflect the needs of the national health service. Finally, we should always be open to new methods and ideas. That means using the NHS's world-leading innovation and research facilities to ensure that health professionals get the latest and best clinical information, and that patients get the best, safest care available.

I want to address the main points that the hon. Gentleman has raised. On the question of research, as he has pointed out, the Lords Select Committee report made recommendations on strengthening the evidence base and investing more to encourage new research. The Department of Health is one of the largest mainstream UK funders of research into CAM. It is investing record sums in health research in general, with the NIHR spending nearly £1 billion in 2010-11. Our research strategy, Best Research for Best Health, is being delivered by the NIHR and has resulted in significant new funding opportunities for health research. A number of awards have been made in the past year or so in support of studies directly concerned with demonstrating whether specific CAM therapies work and whether they represent good value. That builds on the 100-plus projects that were funded in the past 12 years and recorded in the national research register.

Current projects funded by the NIHR include a £1.3 million study into the effectiveness and cost of acupuncture, a £500,000 clinical trial into acupressure for the control and management of chemotherapy-related nausea and a clinical trial looking at the use of self-hypnosis by pregnant women to reduce pain and anxiety during labour. In each case, these awards have been made following rigorous peer review and in open competition.

The Government also run a £3.4 million award scheme, which has supported 18 researchers, including those engaged in post-doctoral studies. They have completed a number of reports on topics ranging from acupuncture to Chinese medicine. In addition, the Department has funded research on the role of CAM in the care of cancer patients, and on the use of complementary medicine in primary care. It is safe to say that, if CAM researchers continue to come up with high quality proposals, there is no reason why they should not continue to attract NIHR support.

The hon. Gentleman also referred to the roles that astrology and astronomy can play. I acknowledge that some forms of complementary and alternative medicines and thought consider that there is a link or relationship between astrology and their practice. An example is Indian ayurvedic medicine. I would say to him that, with this as with any other CAM, any proposals for research would be considered on their merits.

The hon. Gentleman also raised the matter of access to CAM therapies. I confirm that we are committed to providing the most appropriate and effective treatments for patients. Complementary and alternative medicine therapies that have been proven to be effective, cost-effective and safe will be made available to patients. As he will know, it is a matter for local NHS organisations to commission health care treatments for NHS patients, as they are best placed to make decisions in the interests of their local communities. Primary care trusts manage 80 per cent. of the national health service budgets, and they are responsible for making the decisions on what treatments to commission and fund. They often have specific policies on the commissioning and provision of CAM. Within these policies, GPs can give access to specific therapies, provided that they are in the patient's interest. If someone wishes to receive a specific CAM treatment on the NHS, they should discuss this with their GP. Clinical responsibility for an individual's health rests with their GP, who must be able justify to clinically any treatment referral.

I want to address the National Institute for Health and Clinical Excellence guidelines on complementary and alternative medicines. NICE has already agreed that where there is sufficient evidence to look at specific complementary therapies when developing clinical guidance for particular conditions, it will do so. The guidance focuses on a particular illness or condition rather than on the treatment or therapy. A good example are the recent guidelines produced by NICE on the management of non-specific lower back pain, of which I know the hon. Gentleman will be aware. These guidelines include consideration of treatments such as osteopathy, spinal manipulation and massage. NICE has already issued guidance on whether some complementary therapies do or do not add benefit in respect of specific conditions, including multiple sclerosis, antenatal care and palliative care.

The hon. Gentleman raised a number of important points about the regulation of CAM. Regulation, whether it is statutory or voluntary, is primarily, of course, about patient safety. It is our duty to protect the public from poor or potentially unsafe practices. I note the hon. Gentleman's point about osteopathy and chiropractic treatments, which are currently regulated by law. Any future review of regulation would most likely examine whether the current arrangements are the most cost-effective way to manage public safety. No decisions have yet been taken.

The Government have no current plans to extend statutory regulation to homeopathy. The hon. Gentleman raised concerns about a document recommending disinvestment from homeopathy, which was circulated using the NHS logo. I can confirm that our inquiries found no record of the Department having authorised the use of the NHS logo and that those who originated the document were asked not to circulate it any further. They were advised about the use of the logo in future and chief executives of trusts were also informed that the document does not represent Government policy.

Although we have committed to considering statutory regulation for herbal medicine and acupuncture, which carry significant risk because they involve skin piercing and/or the ingestion of potentially harmful substances, we have no current plans, as I have said, to include homeopathy. To clarify, that is because statutory regulations are a priority, I believe, for those conditions where there is a particular risk of harm if treatment is placed in the wrong hands. A consultation has been launched on whether practitioners of acupuncture, herbal medicine and traditional Chinese medicine should be regulated by statute. It closes on 2 November this year, and we will respond in due course.

Other schemes that the Department supports include the Medicines and Healthcare products Regulatory Agency's new traditional herbal medicines registration scheme, which will make it easier for consumers to identify regulated products. We will also continue to support the work of the Complementary and Natural Healthcare Council, and we have funded its start-up costs. The CNHC is a voluntary registration body that is open to massage, nutritional, aromatherapy and reflexology therapists. It will open to more therapies in due course. Registration means that the practitioner has met certain entry standards, including accredited qualification, and subscribes to a set of professional standards. The Department meets the CNHC regularly to discuss progress.

CAM, of course, covers a wide range of disciplines, and I believe that it is right to keep our options open and to continue to support research into new therapies and treatments. It is also right that we choose and fund those treatments that are effective, cost-effective and safe. That decision must be based on robust clinical standards, backed up by rigorous and evidence-based scientific assessment. I thank the hon. Gentleman for raising such an important issue this evening.

David Tredinnick: I notice that we have a little time left. I am grateful to the Minister for her helpful response. A number of disciplines were mentioned and I could have referred to radionics, for example, for which a double-blind trial is almost impossible, yet it is very popular because people believe that it gives them the ability to get remote healing. We need to think out of the box here. As with healers who can do remote healing, it is no good people saying that just because we cannot prove something, it does not work. The anecdotal evidence that it does is enormous. I know that the Minister is a forward thinker, and I believe that the Department needs to be very open to the idea of energy transfers and the people who work in that sphere. Will she comment further on that?

Gillian Merron: I think we could all do with a bit of that this week. I thank the hon. Gentleman for his offer.

As I said earlier, and as the hon. Gentleman knows, the Government do not take a position on specific complementary and alternative medicines. That is left to GPs and local health centres. I think that that is right, but I also think it right for us to provide the information to which I have referred. Let me recap briefly: we provide information on safety, clinical effectiveness, cost-effectiveness and the availability of suitably qualified or regulated practitioners, and I think that that puts us in about the right place.

As I was saying, the hon. Gentleman is a great ambassador and is very knowledgeable about this subject.

David Tredinnick *rose—*

Gillian Merron: And I think that the House will want to hear a further intervention from him.

David Tredinnick: I am very grateful for the opportunity, Madam Deputy Speaker. Having been in the House for a while, I look for such opportunities.

I have mentioned the problems of negative information, particularly in the context of the Royal London homeopathic hospital and homeopathy generally, and of what is effectively an attack on a statutorily regulated body dealing with chiropractic. Will the Minister offer to look into the position, and perhaps write to me about both the state of the Royal London and the disinformation that has been issued and the chiropractic regulatory council?

Gillian Merron: I think that that intervention demonstrates why it is so important for the Government to take the position of not being for or against specific complementary and alternative medicine, and—as I said at the beginning of my speech—treating it in the same way as mainstream medicine. I am aware of the other matter that the hon. Gentleman mentioned, but obviously neither I nor the Government can control what people put in blogs or letters. What we can do, I think, is rise above it, and I believe that that is what we have done by providing the information that we have provided.

I thank the hon. Gentleman for initiating the debate. He has made a great contribution and a strong case for the views that he holds, and I know that the House will be grateful for that.

Question put and agreed to.

7.42 pm

House adjourned.

House of Commons

Thursday 15 October 2009

The House met at half-past Ten o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

BUSINESS BEFORE QUESTIONS

CANTERBURY CITY COUNCIL BILL *(BY ORDER)*

Motion made, That the Bill be now read the Third time.

Hon. Members: Object.

Bill to be read the Third time on Thursday 22 October.

NOTTINGHAM CITY COUNCIL BILL *(BY ORDER)*

Motion made, That the Bill be now read the Third time.

Hon. Members: Object.

Bill to be read the Third time on Thursday 22 October.

Oral Answers to Questions

CHURCH COMMISSIONERS

The hon. Member for Middlesbrough, representing the Church Commissioners, was asked—

St Margaret's Church, Westminster

1. **Mark Pritchard** (The Wrekin) (Con): What representations the Church Commissioners have received on the St. Margaret's church, Westminster restoration appeal. [293065]

The Second Church Estates Commissioner (Sir Stuart Bell): Let me say to the hon. Gentleman, without discourtesy, that the answer is none. Let me add, however, that I have visited St. Margaret's and seen what urgent remedial work has to be done. I invite other Members also to visit the church.

Mark Pritchard: As the hon. Gentleman will know, St. Margaret's church dates back to the 11th century and was last refaced in 1725. The sum of £2 million is a significant target. Given that St. Margaret's is the parish church of this House of Commons and often conducts funerals and memorial services for Members, will the hon. Gentleman undertake to hold discussions with the Church Commissioners and the chapter of Westminster Abbey to ensure that those funds are raised?

Sir Stuart Bell: The hon. Gentleman is right to reflect on the £2 million that the appeal is intended to raise. He is also right to point out that in 1972 an Act of Parliament required Westminster abbey by law to keep St. Margaret's open for such use as Parliament required. In the usual fashion, however, it did not allow for funding from Parliament. We hope that Members will contribute generously to the appeal, and I repeat that they should visit the church as often as they can.

I will certainly refer the hon. Gentleman's question to the Church Commissioners.

David Taylor (North-West Leicestershire) (Lab/Co-op): One of the most heavily used paved areas in this crowded and busy city must be the footpath between St. Margaret's and the abbey, and the slabbed area in front of the church. Is it right that the church is having to fund the restoration of those cracked and uneven areas? Should that not be either for Westminster city council or for the national taxpayer? If that is part of the scheme, it is unfair.

Sir Stuart Bell: My hon. Friend has made a valid point. The church is always on its own when it comes to expenditure; it receives no support whatever from the Government. The Westminster Abbey and St. Margaret Westminster Act 1972 placed the church and churchyard of St. Margaret's once more under the governance of the dean and chapter of Westminster, with one of the canons, Mr. Speaker's chaplain, serving as rector. The question of who is responsible for the upkeep of the footpath seems to have fallen through one of the many interstices that prevent the Government from spending any money at all.

Parish Priests

2. **Miss Anne McIntosh** (Vale of York) (Con): How many parish priests there were in England on 1 June (a) 1997 and (b) 2009. [293067]

Sir Stuart Bell: Figures are published at the end of December. On 31 December 1997 there were 7,471 full-time parochial clergy of incumbent status, compared with 6,450 on 31 December 2007, the latest year for which figures are available.

Miss McIntosh: Does the hon. Gentleman agree that parish priests play a crucial role, especially in rural parishes? Because the number of priests has fallen, the size and number of parishes that they are being asked to look after has risen. That is putting huge pressure on them, and is obviously quite stressful. What are the hon. Gentleman and the Church Commissioners doing to try to increase the number of parish priests, particularly in rural areas?

Sir Stuart Bell: I know that the hon. Lady has strong views about the adequacy of the stipend to attract priests, especially in rural parishes. The Church is keen for stipends to be flexible enough to allow it to put clergy where they can best be deployed, consistent with preventing their mobility from being impeded.

As the hon. Lady has said, the number of ordinants has risen. In 2007, 552 new clergy were ordained, the highest number since 2000. We welcome the upward trend in ordination numbers, but recognise that owing to deaths and retirements the number of stipendiary clergy is falling overall.

Mr. David Drew (Stroud) (Lab/Co-op): It is good to hear that there are more priests in training—particularly, one imagines, women priests—but, in addition to the amalgamation of many parishes, another growing trend which I consider worrying is that priests are expected to do at least a part-time job, if not a full-time job, as well as being priests. That puts enormous pressure on them. What research is the Church undertaking to ensure that those people can cope with the new work load, and are not unfairly put upon?

Sir Stuart Bell: My hon. Friend makes a valid point. At the end of 1997, 6 per cent. of parochial-incumbent status clergy—or 426 overall—were women, whereas in 2007, 15 per cent., or 974, were women. I fully accept my hon. Friend's point about the work load of priests. During the recess I was up in Teesdale, where I visited many churches and was surprised to learn that one particular vicar covered at least five churches, which seemed to me an enormous work load. The problem is recognised, but how we deal with it shall have to be discussed with the Archbishops Council.

Sale of Redundant Churches

3. **John Robertson** (Glasgow, North-West) (Lab): How much income was received by the Church of England from the sale of redundant churches in 2008. [293068]

Sir Stuart Bell: In 2008, net proceeds from the disposal of closed church buildings and sites were just under £4 million.

John Robertson: I thank my hon. Friend for his answer. Does he know what conditions were attached to the sale of those churches, and how many of them ended up becoming part of the leisure and entertainment industry, and particularly the adult entertainment sector?

Sir Stuart Bell: We have very strict criteria on redundant churches and what uses they can be put to after sale. If my hon. Friend has a particular case he wishes to refer to me, I will be very interested to look at it. I am sure that he will understand and accept that the proceeds from the sale of closed churches are used to support dioceses in the work of the living Church. Since the Pastoral Measure came into effect, we have distributed £32 million in such support, also supporting the preservation efforts of the Churches Conservation Trust which is co-funded by the Government. To return to my hon. Friend's original point, we take great care when we sell a redundant church.

Sir Nicholas Winterton (Macclesfield) (Con): In deciding on the proceeds from the sales of redundant churches, what consideration is given to the wonderful work undertaken by the Churches Conservation Trust? During the recess, I met its north-west regional manager at Christ church, a beautiful church in Macclesfield which could be used by the public if there were sufficient investment to enable it to meet health and safety requirements and all the other regulations imposed by Government. What consideration does the hon. Gentleman give to the work of the Churches Conservation Trust?

Sir Stuart Bell: I am grateful for the opportunity to repeat what I said a moment ago: the proceeds from the sale of closed churches are used in some measure to support the preservation efforts of the Churches Conservation Trust, which is co-funded by the Government. Therefore it is welcome that the 2008 sale proceeds were the highest for over a decade; that helps us help the Churches Conservation Trust. The current outlook for sales proceeds is less encouraging, however, given the economic climate.

Mr. Peter Bone (Wellingborough) (Con): Is the hon. Gentleman able to say how much of the net proceeds are reinvested in new church buildings? I always find it very sad when I see a closed church building, but if the money is being reinvested in a new church building the picture is, perhaps, not quite as bad as it might appear.

Sir Stuart Bell: I am grateful to the hon. Gentleman for making that point. The purpose of the sales proceeds is essentially to support the dioceses in their work, which might, of course, include building a new church. We should not forget that thousands of churches up and down the land remain open. It is extremely important that people throughout the country have access to their churches when they wish, and if we are closing down churches, it would be nice sometimes to open others.

Agricultural Land

4. **Mr. Nick Gibb** (Bognor Regis and Littlehampton) (Con): What acreage of agricultural land is owned by the Church Commissioners. [293069]

Sir Stuart Bell: The commissioners hold over 109,000 acres of English farmland, spread across 44 estates and over 300 farms.

Mr. Gibb: The Archbishop of Canterbury wants more food to be grown locally and has attacked organisations driven solely by the desire to make money. Is it not therefore paradoxical that the Church Commissioners, which he chairs, wants to concrete over 300 acres of prime agricultural land to the west of Chalcraft lane in my constituency? When challenged, the commissioners say they want to build on that land because they are obliged to maximise the amount of money they make. If the Archbishop of Canterbury were a politician, would it not be fair to say that he says one thing but does another?

Sir Stuart Bell: It is always pleasant when the Archbishop of Canterbury is cited in the House of Commons. I am sure that he does not wish to be a politician and I would urge him not to be one. [Hon. Members: "He is a Member."] The archbishop is a Member of the House of Commons now, is he? [Hon. Members: "He is in the Lords."] He is a Member in Parliament; I am being diverted, Mr. Speaker.

The commissioners' staff have explained to the hon. Gentleman that we have a legal duty to our beneficiaries. On this occasion, we accept that we have met some controversy in his constituency, but we have not to be distracted from our fiduciary duty. As the House is in an enlightened mood, may I cite the scriptures? In Ezekiel, it states:

> "In controversy they shall stand in judgment...and they shall keep my laws and statutes."

We propose to keep the laws and statutes of Parliament that have been conferred upon the Church Commissioners.

Mr. Christopher Chope (Christchurch) (Con): Can the hon. Gentleman tell us how much income the Church Commissioners are getting from their agricultural holdings as a result of EU subsidies? Is he pleased or angry that as a result of the devaluation of the pound those subsidies are increasing?

Mr. Speaker: Order. Notwithstanding the hon. Gentleman's considerable ingenuity, he is stretching a point. He might wish to dilate on that matter on another occasion, because it is outwith the terms of this question. We will therefore move on to Question 5.

Bats

5. **Mr. Henry Bellingham** (North-West Norfolk) (Con): What recent discussions the Church Commissioners have had with Natural England on the protection of rare bats in church roofs. [293070]

Sir Stuart Bell: The Archbishops Council is working with not only Natural England but the Department for Environment, Food and Rural Affairs, English Heritage and the Bat Conservation Trust to strike a sensible balance between the protection of church buildings and their contents, and the protection of bats.

Mr. Henry Bellingham (North-West Norfolk) (Con): Is the hon. Gentleman aware that a number of Norfolk churches have had their roof repair programmes delayed as a result of intervention by Natural England, which has insisted on the undertaking of lengthy and costly bat surveys? He is obviously aware of the problem, given his reply, so can he tell the House how many churches have been similarly affected? Does he agree that however important it is to conserve the bat, it is even more important to make an absolute priority of conserving our great heritage?

Robert Key (Salisbury) (Con): It is batty!

Sir Stuart Bell: Yes, I am grateful to the hon. Member for Salisbury (Robert Key).

The commissioners are aware of Natural England's requirements on such occasions and of the problem faced by the several hundred parish churches—of the thousands of such churches—that have bats. Only a handful of those churches have serious problems with bats, but in those cases the bats cause significant damage and great inconvenience. I would be happy to take up with Natural England the point that the hon. Gentleman has made.

Special Marriage Licences

6. **Robert Key** (Salisbury) (Con): Under what conditions the faculty office of the Archbishop of Canterbury may grant a special marriage licence for a wedding in a redundant church. [293071]

Sir Stuart Bell: The Archbishop uses his power to grant such licences sparingly and with considerable care. It is not possible to list all the possible specific circumstances in which such a special licence might be granted, but I may tell the hon. Gentlemen that applicants should have a strong demonstrable connection with the church in question.

Robert Key: May I invite the Second Church Estates Commissioner to invite the Archbishop's registrar to review the rules, because they are overzealous, they discourage people from getting married in church, they disappoint couples who have local connections—that has been the case in my constituency—and they deprive the Churches Conservation Trust of vital income? We should be encouraging the use of churches that have been deconsecrated and can be licensed for such purposes, rather than trying to put every possible object in the way of the use of those redundant churches.

Sir Stuart Bell: The hon. Gentleman makes a valid point. For the second time today we have referred to the Archbishop of Canterbury. He is sparing in the exercise of his powers over the places of marriage in the Church of England. Marriage ought normally to take place in a suitable parish church where couples have an ongoing worshipping relationship and receive the pastoral care of the priest. We must remember that thousands of churches remain open and that, as a result of the Church of England Marriage Measure 2008, there are many more churches from which to choose. However, I shall be happy to take up with Lambeth palace the point that the hon. Gentleman raises.

Mr. Robert Goodwill (Scarborough and Whitby) (Con): Rents on agricultural holdings have increased considerably over the past decade, and that has benefited the Church Commissioners. Is any regard taken of the level of single farm payment paid to those farmers when those rents are set?

Sir Stuart Bell: I am not entirely clear how that fits with a question about the special marriage licence for a wedding in a redundant church, but the hon. Gentleman makes a valid and pertinent point and I will be happy to take it up with the Church Commissioners.

SOLICITOR-GENERAL

The Solicitor-General was asked—

Serious Fraud Office

7. **Mr. Robert Goodwill** (Scarborough and Whitby) (Con): What initiatives the Serious Fraud Office is undertaking to reduce the incidence of fraud. [293072]

10. **Richard Ottaway** (Croydon, South) (Con): What recent steps the Serious Fraud Office has taken to reduce the incidence of fraud. [293076]

The Solicitor-General (Vera Baird): The Serious Fraud Office is doing a significant amount of work to educate the public to reduce the incidence of fraud. In addition to its frequent engagement with the public face to face, the SFO's new website offers advice on how to protect oneself from being a target for fraud and gives an up-to-date list of current scams so that they can be recognised and guarded against.

Mr. Goodwill: A former senior serious fraud officer has described the prosecutions and work undertaken by the office as

"only scratching the tip of the iceberg".

Is the Solicitor-General satisfied that the Government are doing enough to deter, detect and prosecute serious fraud in the UK?

The Solicitor-General: There is obviously a huge amount of fraud around, but yes, we have done a significant amount of work over the past few years. There is now a strategic authority for fraud, a fraud reporting centre is about to come online and there is a fraud intelligence centre. The City of London police are now the national fraud lead agency for investigations, and they have been beefed up. A good deal is happening and, of course, the SFO has undergone something of a transformation and is proceeding very strongly with a range of prosecutions. We think that we are doing a good deal to help with fraud.

Mr. Speaker: I call Richard Ottaway. He is not here.

Mr. David Drew (Stroud) (Lab/Co-op): I hear what my hon. and learned Friend the Solicitor-General says, and may I commend the SFO for its initiative in meeting Members of Parliament to talk about scams that have been operating in our constituencies? That is a good way forward and I found the session very instructive. Will she pass back our thanks and encourage the office to do more of that?

The Solicitor-General: I am grateful to my hon. Friend. I shall certainly take that message back to Richard Alderman, the director of the SFO, with whom we meet frequently. He seems to have got the Serious Fraud Office into a good and positive place.

Mr. David Heath (Somerton and Frome) (LD): I entirely support what the hon. Member for Stroud (Mr. Drew) has just said. The initiative is extremely helpful. Welcome progress has been made on fraud, but does the Solicitor-General agree that it is crucial that other parts of the SFO's work do not suffer as a consequence? Will she join me in congratulating the SFO on its success in the Mabey and Johnson corruption case? Can she assure me that the Attorney-General will not put any barriers in the way of the SFO in the BAE Systems corruption case?

The Solicitor-General: Once again, I am grateful for the hon. Gentleman's praise of the SFO. It is indeed to be congratulated on the Mabey and Johnson case, which involved a series of offences of overseas corruption and the breaching of UN sanctions in connection with the oil-for-food programme. That company has now been ordered to pay almost £7 million. The SFO is clearly determined to continue its investigation of BAE. The papers have not arrived at the Attorney-General's office and so I cannot make any further comment about that.

David Taylor (North-West Leicestershire) (Lab/Co-op): Has the Solicitor-General read the Conservative party manifesto and its comments about poverty, the health service, higher education—

Mr. Speaker: Order. I fear that there is no way that the hon. Gentleman, notwithstanding his ingenuity, can get that question in order.

Mr. Edward Garnier (Harborough) (Con): Does the Solicitor-General agree that there seems to be a huge range of Government agencies and prosecuting authorities that deal with the wider subject of economic crime? Is she satisfied that that is an efficient and effective way of dealing with the matter? If she is, will she tell me why?

The Solicitor-General: I am not sure what broad range the hon. Gentleman means. Obviously, there are departmental prosecutors—the Department of Work and Pensions and so on prosecute their own cases. However, there is a body called the Whitehall prosecutors' group, who get together under the general superintendence of the Attorney-General and myself and exchange best practice. We hope that we have brought in a good deal more coherence, even though the special understanding of particular kinds of fraud that are endemic in particular Departments' fields needs to be preserved. I think that the hon. and learned Gentleman is aware that the Crown Prosecution Service and HM Revenue and Customs prosecution offices have recently merged. That has been a very successful exercise so far. At least I can give two examples that should reassure him that we are doing all we can to co-ordinate and make stronger our assault on financial crime.

Fraudulent Financial Schemes

8. **Mr. Henry Bellingham** (North-West Norfolk) (Con): What steps she plans to take to protect small and medium-sized businesses from fraudulent financial schemes. [293073]

The Solicitor-General: Through the national fraud strategy, the Government are implementing an integrated programme to make the UK a more hostile place for fraudsters. We are making it easier for small and medium-sized enterprises to report fraud, with the national fraud reporting centre going live, by phone and on the web, on 26 October. Importantly, we also have some guidance specifically tailored to help businesses protect themselves better from fraud. In addition, a more integrated law-enforcement response is being provided by the City of London police which, as I have said already, is the lead force in the country on fraud.

Mr. Bellingham: I am grateful for that reply, but is the Solicitor-General aware that there has been a very big increase in the number of small and medium-sized businesses falling prey to overseas internet money transfer scams? Typically, such scams involve the proposed transfer of large sums of money in return for bank details. She may say that firms are gullible for falling prey to such schemes, but does she agree that more should be done, perhaps through work with internet service providers?

The Solicitor-General: I am sure that that is a real possibility. The Serious Fraud Office has an online list of the current scams that it is aware of, and the intention is to alert people to falsities such as the hon. Gentleman has described. However, it is not only small businesses that are offered large amounts of money in return for their bank details: I get quite a lot of those offers myself, and I presume that other Members of Parliament do too. Happily, though, I have never yet fallen for any of them.

Recent figures show that 72 per cent. of small businesses think that they are more at risk of fraud as a result of the recession, but that only 22 per cent. are taking further steps to protect their interests. The figures also

show that 26 per cent. of small businesses do not check bank and credit card statements regularly, and that 28 per cent. of them do not reconcile purchase orders against goods supplied. There is clearly a lot of work that business itself should be doing, but we stand ready to help in every way that we can.

Human Trafficking

9. **Mr. Anthony Steen** (Totnes) (Con): If she will hold discussions with the Director of Public Prosecutions on policy for the prosecution of human trafficking offences. [293075]

The Solicitor-General: The Attorney-General and I have regular meetings with the DPP, at which we discuss a range of issues. We are due to see him later today. If there were particular concerns about the prosecution of human trafficking offences we would of course raise them with him, within the terms of the protocol between the Attorney-General and prosecuting Departments.

Mr. Steen: Will the Solicitor-General put on the agenda of the meeting with the DPP the question of confiscation orders against human traffickers? The orders rob traffickers of money, but they do nothing to help victims. Compensation orders for victims are allowed under the Proceeds of Crime Act 2002, but the money that confiscation orders take from traffickers automatically goes to the Treasury unless the DPP asks for compensation orders at the same time. It is a cruel joke that victims should be deprived of money in that way, and it goes totally against the spirit of the European convention on action against human trafficking which was approved by the Government and the House and which is now being brought into operation.

The Solicitor-General: When I put something on the agenda for a meeting with the DPP I usually have evidence to support it. All I have at the moment is the hon. Gentleman's assertion—

Mr. Steen: That should be good enough!

The Solicitor-General: Fine; I will take his word for that. However, if there is more evidence, please will he make sure that we have it?

Sir Alan Beith (Berwick-upon-Tweed) (LD): What thought is the Solicitor-General giving to the fact that it is very difficult to get victims of trafficking to act as credible witnesses? That is because, at the end of a trial, they will have no right to remain or to work outside the sex trade—and, obviously, no right to work in that trade either. Moreover, they will have a well founded fear that, if they are returned to their country of origin, they will suffer attack from the criminal associates of the people whom they may have helped to put behind bars.

The Solicitor-General: The right hon. Gentleman knows that the situation for such people has improved very strongly, with our ratification and implementation of the convention. Such people have a far longer reflection period than is required by international law. Serious support is given to them—we will be funding the POPPY project, which is the leading agency to look after them, to the tune of about £3.75 million over the next couple of years—and serious consideration is given to whether they should not be given a right to remain. We will do all that we can to ensure that such victims help the authorities and that they are properly supported and restored to a better life afterwards.

Philip Davies (Shipley) (Con): Has any assessment been made of whether the free movement of people across the EU makes it any more difficult to bring forward prosecutions for human trafficking?

The Solicitor-General: I am afraid that I do not know, but my instincts are that that probably does not make any difference. However, if a piece of work should be done on that, the all-party group on the trafficking of women and children will ensure that it is done.

Bribery

11. **Mr. Mark Harper** (Forest of Dean) (Con): What the Government's plans are for the introduction of legislation on bribery. [293077]

The Solicitor-General: We published a draft Bribery Bill, based on the recommendations of the Law Commission, on 25 March. Pre-legislative scrutiny preceded that, and the recommendations of the Joint Committee on the draft Bribery Bill were published on 28 July. We said in the draft legislative programme that we intended to introduce a Bill in the next Session.

Mr. Harper: Is the Joint Committee on the draft Bill right to be disappointed by the amount of time that the Government gave it to consider the Bill? Does the Solicitor-General think that it was deprived of a proper opportunity to carry out that pre-legislative scrutiny?

The Solicitor-General: I am not aware of any risk to the quality of the legislation from over-haste. The Joint Committee was very much in favour of the Bill in its report. After all, the process of modernising our bribery and corruption law has not been speedy. I served on a Committee that considered the last such Bill in 2003, so I cannot imagine that anyone feels that they have been pushed into anything.

Miss Anne McIntosh (Vale of York) (Con): Will the Solicitor-General explain the Bill's remit? Does it cover incidents of bribery and the provision of sweeteners in exports to third countries? In some situations, we have export credit guarantees, but foreign Governments with whom our companies are competing often give better export credit guarantee provision. How do we cope with the fact that sweeteners are a matter of fact in certain third countries?

The Solicitor-General: Discussion of the Bill's contents will have to wait until the Bill is published. I am not sure whether the hon. Lady is concerned that we will lose out competitively if we do not espouse bribery, but I would be totally opposed to such a principle.

Human Trafficking

12. **Mr. Peter Bone** (Wellingborough) (Con): What her assessment is of the effectiveness of laws relating to human trafficking for sexual exploitation. [293078]

The Solicitor-General: I am sorry to keep everyone waiting; all the numbers in my file are wrong, I am afraid.

We keep the effectiveness of the laws on human trafficking for sexual exploitation under review, as our action plan to deal with that topic makes very clear, and if there is a gap, we will tighten the law. As the hon. Gentleman no doubt knows, there are provisions in the Policing and Crime Bill to tackle the demand for exploitative forms of prostitution, including a strict liability offence that criminalises the payment for sexual services to prostitutes who have been subject to force, deception or threats.

Mr. Bone: It was well worth waiting for the Solicitor-General.

Following the question from My hon. Friend the Member for Totnes (Mr. Steen) about taking money from traffickers and giving it to the victims, is not another problem that the money is very quickly taken out of this country and redistributed to traffickers in the rest of the EU and that we can only confiscate money that remains in this country? Should we consider making this a European issue, so that we can get the money from across the whole of Europe?

The Solicitor-General: A good deal of work on asset recovery, the proceeds of crime and internationalising the issue is in process. As I told the hon. Member for Totnes (Mr. Steen), if there is any evidence that the Crown Prosecution Service is not applying for compensation to help victims, I would be very pleased to hear it, and if there are any accounts of defects in the process internationally, that will help us in the work that I have already indicated is going on. Therefore, examples would be very welcome.

Mr. Christopher Chope (Christchurch) (Con): Does the Solicitor-General accept that there is still a significant problem? In fact, human trafficking for sexual exploitation is increasing, and people are fearful that it will increase substantially in advance of the Olympic games. What are the Government going to do to reduce it?

The Solicitor-General: We are very much apprised of the hazard that an increase in trafficking will be connected with the Olympic games. Indeed, the hon. Gentleman will have seen that there is a similar apprehension about South Africa and the World cup. We have a concerted action plan, we have ratified the convention and we are totally compliant with all our international requirements, so we are engaged on a mission to try to reduce trafficking however and wherever it is found.

Since I answer in relation to the Crown Prosecution Service, I can indicate that the prosecution level has gone up considerably: in 2006-07, 40 people were prosecuted in connection with sexual exploitation; in 2007-08, 87 were prosecuted; and in 2008-09, 114 were prosecuted. Clearly, we are using the courts as a deterrent as well.

Joint Committee on Human Rights Report

13. **Dr. Evan Harris** (Oxford, West and Abingdon) (LD): What discussions she and the Attorney-General have had with ministerial colleagues on the report of the Joint Committee on Human Rights on allegations of UK complicity in torture. [293080]

The Solicitor-General: I have read the report of the Joint Committee on Human Rights and noted what was said. As the hon. Gentleman knows, the Home Secretary and Foreign Secretary have both given their response to the Committee's conclusions and recommendations. The Prime Minister has informed Parliament that allegations of potential criminal wrongdoing will be referred to the appropriate authorities. The Attorney-General has been clear that she will not provide a running commentary on those issues, and neither will I.

Dr. Harris: The Solicitor-General will be relieved to know that I am not going to ask about those issues. The Government's response to the report was very negative. Can she provide the House with any good reason why the previous guidelines to interrogators, suitably redacted, cannot be published, so that the House can know the guidance that the security services and interrogators used when dealing with overseas intelligence services and captives overseas?

The Solicitor-General: I cannot assist the hon. Gentleman with that, I am afraid. As he knows, several cases have gone to court, brought in particular by former detainees at Guantanamo Bay, and that will open up to them all the powers of disclosure that are in the hands of the High Court. If the Court thinks it appropriate to disclose the documents that the hon. Gentleman seeks, I have no doubt that it will do so.

Pro Bono Work

14. **Christine Russell** (City of Chester) (Lab): What recent progress she has made in encouraging lawyers to undertake pro bono work (a) in England and (b) abroad. [293081]

The Solicitor-General: The domestic and international pro bono co-ordinating committees, which the Attorney-General chairs, continue to undertake excellent work in encouraging lawyers to do pro bono work in the UK and abroad. That includes preparing for the annual pro bono week, which takes place from 9 to 13 November and is intended to raise awareness of pro bono work for lawyers and potential recipients. That week will celebrate the achievements of about 50 pro bono heroes, who have between them carried out 6,500 hours of pro bono work nationally during the past 12 months. If anybody has a non-Latin phrase instead of pro bono, it would be very helpful, because I am stumped for one.

Christine Russell: Can I tell the Solicitor-General about some pro bono heroes in my constituency? I do not know whether she is aware of this, but the College of Law at Chester runs an excellent pro bono scheme, whereby members of the public receive free legal advice from postgraduate students—under the full supervision of fully qualified staff, I hasten to add. Does she agree that that is a very good example of how we can encourage the next generation of lawyers to appreciate the value and, certainly, the need for pro bono work?

The Solicitor-General: Absolutely; I agree. The College of Law at Chester has a long and proud history, and it is good that—to use a cruel metaphor—two birds are being killed with one stone: people get much-needed help, and at the same time the younger generation of lawyers start to understand the need for such work and

the ethics of the profession into which they are moving. Teesside university near my constituency has a similar scheme.

Mr. Anthony Steen (Totnes) (Con): I wonder whether the Solicitor-General is aware that many pro bono lawyers act on behalf of the victims of human trafficking to get money from the traffickers. What my hon. Friend the Member for Wellingborough (Mr. Bone) has mentioned is the real problem. The Solicitor-General may be aware from meetings with the Director of Public Prosecutions—otherwise she will just have to accept it from me—that most traffickers have immense amounts of money outside the jurisdiction. That is why most of the police raids never find money. What can she do to extend the jurisdiction, so that traffickers pay the victims whom they traffic?

The Solicitor-General: The hon. Gentleman deserves 11 out of 10 for his ingenuity in linking that question about trafficking to pro bono work. I heartily congratulate him.

Mr. Edward Garnier (Harborough) (Con): Scot-free.

The Solicitor-General: Very good—the traffickers are getting away scot-free; a Conservative Front Bencher has come to the rescue of the hon. Member for Totnes (Mr. Steen). The hon. Gentleman made a strong point about the position of overseas resources. As I have said, work is going on to try to tackle the issue. Any assistance or examples that can be provided from the front-line contacts that the hon. Members for Totnes and for Wellingborough (Mr. Bone) definitely have through their work on the all-party group on the trafficking of women and children would be gratefully received.

HOUSE OF COMMONS COMMISSION

The hon. Member for Middlesbrough, representing the House of Commons Commission, was asked—

Tours of Parliament (Disabled People)

15. **Jacqui Smith** (Redditch) (Lab): What arrangements are in place to assist disabled people to undertake tours of Parliament. [293082]

Sir Stuart Bell (Middlesbrough): With your permission, Mr. Speaker, I want to draw the House's attention to your Speaker's Conference, which will see how the opportunities to increase the number of disabled people in the House may be advanced. I also draw attention to the fact that my hon. Friend the Member for Aberdeen, South (Miss Begg) is vice-chairman of your Speaker's Conference.

I turn to the question asked by my right hon. Friend the Member for Redditch (Jacqui Smith). Improving accessibility and facilities for members, staff and the public is one of the House's priorities. The visitor route is now largely wheelchair-accessible. Facilities are also available for visually impaired and deaf or hard-of-hearing visitors. A leaflet giving access information to disabled visitors, Members of both Houses and passholders has recently been produced.

Jacqui Smith: Although I welcome the progress that has been made, I want my hon. Friend to be aware of what happened earlier this year. when I tried to organise a tour of Parliament for the Redditch Deaf Club. My office was told that no one could be assigned to the group because of cost reasons. Furthermore, I understand that there is not full hearing-loop availability throughout the whole tour. I do not think that that is good enough, and I hope that the level of progress will be upped to ensure that all our constituents can access tours of this place, regardless of their disabilities.

Sir Stuart Bell: I am grateful to my right hon. Friend. Induction loops are fitted in the Public Galleries, Committee Rooms and main Dining Rooms. On sign language, visitor services can provide a sign language tour, if it is booked in advance. Otherwise, the diversity managers can put a Member or visitor in touch with a British sign language interpreter, which would, of course, be at the visitor's expense. The House is in the process of providing British sign language training for 12 House staff, who will be able to assist visitors at short notice and at no cost to the visitor. I hope that that is a positive response for my right hon. Friend. However, if she has other such matters to raise, I shall be happy to take them up and refer them to the House of Commons Commission.

Mr. Mark Harper (Forest of Dean) (Con): The right hon. Member for Redditch (Jacqui Smith) has made a good point. The House sounds as if it is moving a little slowly on these matters. The Parliament of our country, having passed Disability Discrimination Acts in 1995 and 2005, should be a beacon of accessibility. It should be trying to take a lead and be ahead of other organisations to make sure that every member of our society, whether disabled or non-disabled, has access to our Parliament. Can the hon. Gentleman give me some idea about whether the House of Commons Commission has all that as an objective?

Sir Stuart Bell: I am grateful to the hon. Gentleman. We have, of course, focused very seriously on disabled visitors to the visitor centre. We have provided for their assistance; we have provided facilities; and we have even provided disabled parking. We have provided training for staff to assist disabled visitors, and we have looked at the visitor route as a whole to assess its accessibility. I think that the Commission, on behalf of the House, can say that it has gone a great way towards meeting the demands of the disabled. We are always ready to improve and to listen to suggestions, and we are all trying at every moment of the day to increase these facilities.

LEADER OF THE HOUSE

The Leader of the House was asked—

Parliamentary Scrutiny

16. **Philip Davies** (Shipley) (Con): What recent representations she has received on increasing the time available on the Floor of the House and in Committee for hon. Members to scrutinise legislation. [293083]

20. **Mr. Andrew Turner** (Isle of Wight) (Con): What recent representations she has received on increasing the time available on the Floor of the House and in Committee for hon. Members to scrutinise legislation. [293087]

The Parliamentary Secretary, Office of the Leader of the House of Commons (Barbara Keeley): My right hon. and learned Friend the Leader of the House receives representations on this issue from time to time—

Mr. Speaker: Order. May I interrupt the hon. Lady momentarily? I think that the question is to be grouped—am I right?

Barbara Keeley: I will start again. My right hon. and learned Friend the Leader of the House receives representations on this issue from time to time. The Committee on the Reform of the House of Commons and the Procedure Committee are currently considering the timetabling of business.

Philip Davies: Does the Minister realise that many people are sick to the back teeth of many important decisions being taken in this House without any proper debate or consideration? Given that the decisions of this place affect people's lives and livelihoods, does she not agree that the timetable for debates should be there to facilitate comprehensive scrutiny of legislation, not for the convenience of her and her Back Benchers?

Barbara Keeley: With permission, Mr. Speaker, I will answer both these questions together. *[Interruption.]* I am answering the first question.

Mr. Speaker: Order. If there is confusion, let it be dispelled once and for all. This question is grouped with Question 20.

Barbara Keeley: There have been a number of measures to increase the quality of scrutiny, but we are clearly interested in following up any new recommendations that come forward from the two Committees that are looking into the matter. In terms of measures that have made a big difference, pre-legislative scrutiny has taken place on, for instance, the Constitutional Renewal Bill and the Marine and Coastal Access Bill. Evidence taking in Public Bill Committees has greatly improved Bills such as the Equality Bill. However, there is always a balance between the scrutiny of Government Bills and debates on other Bills. We are awaiting recommendations from the Committees, and we will consider any ideas that come forward with great interest.

Mr. Turner: I am very grateful for the Minister's reply. However, can we not have at least a minimum time for Report stage and Third Reading—perhaps by using these effectively empty Thursdays after lunch, for example?

Barbara Keeley: I have to say that in the current environment a defence debate is not an empty debate to be holding on a Thursday afternoon. There are vital issues involved, and when the usual channels—the business managers—consider those issues there is never any suggestion of moving defence debates or swapping them round with anything else, which is quite right in the current environment. That is not a fair comment from the hon. Gentleman at all. As I said in response to the hon. Member for Shipley (Philip Davies), the issue is under considerable review—hon. Members are contributing to the discussion and debate—and we are only a few weeks away from having recommendations in a report.

David Taylor (North-West Leicestershire) (Lab/Co-op): May I suggest that it is not necessarily a case of making more time available but of making better use of the time earmarked for debate? In my 12 and a half years on these Benches and nine years on the Chairmen's Panel, it has seemed to me that during proceedings in Committee or on the Floor of the House there has been an increasing tendency for Front-Bench speakers on both sides to filibuster to fill the time available instead of letting Back Benchers in. Can we give more powers to those on the Chairmen's Panel, and indeed encourage the Speaker himself, who has made a brilliant start in this respect, to clamp down on filibustering to allow more time for debate?

Barbara Keeley: I will answer that question very briefly, as is only fair regarding somebody who was Back Bencher of the year. I would not want to stray into issues of chairing sittings, but Front-Bench speakers will have heard what has been said. It is perhaps up to you, Mr. Speaker, to remind Front Benchers of that duty.

Mr. Shailesh Vara (North-West Cambridgeshire) (Con): Over the past 18 months, numerous Bills have passed through Committee and Report stage without any debate on selected amendments or, as is often the case, with new clauses put forward by the Government at the last minute. As we have just heard, there is deep concern on both sides of the House that important legislation such as the Counter-Terrorism Act 2008, the Planning Act 2008 and the Coroners and Justice Bill has gone through without proper scrutiny. Such practice simply leads to bad laws, so will the hon. Lady undertake to review the automatic use of programme motions, which is so crucial to this whole debate and therefore allow proper scrutiny of important legislation?

Barbara Keeley: I have to say that the programming is agreed on all sides. *[Interruption.]* Yes, it is. I can only refer back to my previous answer and say that I understand that Members are impatient on this issue, but it is being considered at the moment. We will have recommendations from the Select Committee on the Reform of the House of Commons in a few weeks' time, and we will consider them when they come forward.

Ministerial Statements

17. **Mr. Peter Bone** (Wellingborough) (Con): What steps she is taking to ensure that details of ministerial statements are not given to the media before they are made to the House. [293084]

The Parliamentary Secretary, Office of the Leader of the House of Commons (Barbara Keeley): My right hon. and learned Friend the Leader of the House and I believe strongly in the principle laid down and followed by successive Governments that key announcements should be made first to Parliament. The ministerial code states:

"When Parliament is in session, the most important announcements of Government policy should be made in the first instance, in Parliament."

Mr. Bone: Yesterday when we had Prime Minister's questions, the Press Gallery was overflowing and every word was being listened to, because the press did not know what would happen. When the Prime Minister made a very important statement on Afghanistan the Press Gallery cleared, because the press knew in advance what was in that statement. That is wholly unacceptable. I remind the Leader of the House that in a few months' time she may be Leader of the Opposition, when she might take a different view on the leaking of statements.

Barbara Keeley: Every time we get into this debate, we are really talking about things that the media are doing. They research stories, come into the House to pick up a few details from a statement and then rush out. It is not reasonable to assume in every case that there have been leaks. If the hon. Gentleman knows of specific instances or has specific evidence or proof, I am sure that the Leader of the House would be interested to hear about it.

Mr. Nigel Dodds (Belfast, North) (DUP): Can the House be told whether there has ever been an instance, either in this Parliament or previously, of any Minister or Secretary of State being sanctioned in any way for having breached the House's rules in relation to ministerial statements or leaks? Has any sanction ever been applied?

Barbara Keeley: We are straying into issues that are predominantly for you, Mr. Speaker. Certainly if you felt very strongly about that you could allow an urgent question. I am not personally aware of any cases.

Mr. David Heath (Somerton and Frome) (LD): Is not the hon. Member for Wellingborough (Mr. Bone) absolutely right? The problem starts at the top. I do not want to give the Deputy Leader of the House a mission impossible, but the Prime Minister must desist from making premature statements as he did at the beginning of the week, if she wants an example, on the sale of assets. He made a statement outside the House without consulting local government or anybody else beforehand. We then had to ask a question, which you, Mr. Speaker, very kindly accepted as an urgent question. We then got not the Prime Minister, not the Chancellor of the Exchequer but the Chief Secretary to the Treasury—not the organ grinder, not the monkey but the monkey's assistant—to tell the House what the Prime Minister had said. Is that acceptable?

The Leader of the House of Commons (Ms Harriet Harman) *indicated dissent.*

Barbara Keeley: No, that is not acceptable!

I made the point in my earlier response that it is the most important announcements of Government policy that are covered. It is not the case that every single thing announced by the Government has to be announced to Parliament first. There is an interplay between the oral statements that we schedule and the urgent questions that you allow, Mr. Speaker, and that will be satisfactory for the future.

Select Committee Chairmen

18. **Mr. Robert Goodwill** (Scarborough and Whitby) (Con): What recent discussions she has had on proposals to reform the procedures for the selection of Select Committee Chairmen. [293085]

The Parliamentary Secretary, Office of the Leader of the House of Commons (Barbara Keeley): We will consider those matters further with the report from the Select Committee on the Reform of the House of Commons—to which I keep referring—which is due in a few weeks. Clearly, the alternative to Committees selecting their Chairs would be election by the House, probably by secret ballot. There are difficulties with that which need to be considered—I hope that the Committee is considering them. We would not want to be in a position where the majority party filled all the vacancies. We want a geographic balance and a gender balance, which is important on Committees. We will of course, consider any recommendations that are made.

HOUSE OF COMMONS COMMISSION

The hon. Member for Middlesbrough, representing the House of Commons Commission, was asked—

Emissions

19. **Simon Hughes** (North Southwark and Bermondsey) (LD): If the House of Commons Commission will make it its policy to reduce carbon dioxide emissions from the House of Commons part of the parliamentary estate by 10 per cent. by 2010; and if he will make a statement. [293086]

Sir Stuart Bell (Middlesbrough) (Lab): The House of Commons Commission will consider the matter at its meeting on 19 October. A study quantifying potential short, medium and long-term carbon savings is scheduled to be completed by the end of November. We will then be able to set meaningful, robust and deliverable targets for 2010-11.

Simon Hughes: I am grateful for that answer and to you, Mr. Speaker, for referring my request to you to the House of Commons Commission.

Very practical things could be done immediately and make a significant difference—for example, turning off the annunciators, which were on throughout the recess, thus consuming energy, and ensuring that television screens go off at the end of the evening and are not on stand-by. We could save an enormous amount by immediate action. Will the hon. Gentleman please view that as urgent and something that can be delivered this year?

Sir Stuart Bell: I know that the hon. Gentleman is a member of the 10:10 carbon campaign—that is public knowledge. The campaign includes 24,000 individuals, 1,000 businesses, 200 educational facilities and 450 organisations. We welcome individual contributions to that scheme. Only with concerted effort on the part of Members and staff from both Houses and PICT to tackle individual behaviour, business practices, equipment and infrastructure will it be feasible to achieve the 10 per cent. reduction in Parliament. On my original point, the matter comes before the Commission on Monday.

LEADER OF THE HOUSE

The Leader of the House was asked—

Equality Bill

21. **Dr. Evan Harris** (Oxford, West and Abingdon) (LD): What representations she has received on further parliamentary scrutiny of the Equality Bill; and if she will make a statement. [293088]

The Parliamentary Secretary, Office of the Leader of the House of Commons (Barbara Keeley): My right hon. and learned Friend the Leader of the House and I have received representations on the Equality Bill, including those from the hon. Gentleman.

Dr. Harris: The Leader of the House has given assurances, which we accept at face value, from the Dispatch Box in business questions that there will be negotiation about how a considerable number of issues that have been tabled for debate on Report can be fitted in. The Deputy Leader of the House believes that programming is agreed across the parties. At what point does she think that the discussions will begin? Will she urge her colleagues to begin them as soon as possible?

Barbara Keeley: I have spoken to the Bill Minister, my hon. and learned Friend the Solicitor-General, who is still giving close consideration to the many matters that were debated in the Committee that considered the Equality Bill. We do not yet have a definite date in mind for the later stages, but I will bring the matter to the attention of my right hon. and learned Friend the Leader of the House.

HOUSE OF COMMONS COMMISSION

The hon. Member for Middlesbrough, representing the House of Commons Commission, was asked—

Special Adviser

22. **David Taylor** (North-West Leicestershire) (Lab/Co-op): What procedures were used to recruit Mr. Speaker's special adviser. [293089]

Sir Stuart Bell (Middlesbrough): Mr. Speaker's special adviser was engaged via a contract for services, not an employment contract, under the House's normal procurement arrangements.

David Taylor: I ask the question according the maxim, "Quis custodiet ipsos custodes?"—Juvenal's famous phrase. Will the Chairman of the House of Commons Commission or the person acting for him state how the Speaker's arrangements will be kept under supervision by Parliament when the Speaker—in whom I have confidence—chairs the Commission?

Sir Stuart Bell: I congratulate my hon. Friend on being Back Bencher of the year. Clearly, the House has all sorts of supervisory methods, procedures and actions, and I am sure that our rules and any supervision that is required in relation to the Speaker will be handled by the Commission We welcome the appointment, which is very important for the Speaker, enabling him to continue to carry out the programme that he announced to the House when he ran for Speaker. The appointment is therefore important to the House's future development, and we should all welcome it.

Mr. Andrew Mackay (Bracknell) (Con): Does the hon. Gentleman accept that the appointment of a special adviser to the Speaker should be exactly the same as such appointments to Ministers? It is a very personal appointment and it should not go through other procedures. As someone who knows Mr. Tim Hames professionally, I can think of no better person for the appointment.

Sir Stuart Bell: Yes, we all know Mr. Tim Hames from his days at *The Times* and welcome his crossing over from one island to another—I shall say no more than that. It is a good appointment, the decision was carefully taken, and we welcome him to the House. He will begin his duties on 3 November.

LEADER OF THE HOUSE

The Leader of the House was asked—

Parliamentary Scrutiny

23. **Mr. John Baron** (Billericay) (Con): What recent representations she has received on increasing the time available on the Floor of the House and in Committee for hon. Members to scrutinise legislation. [293090]

The Parliamentary Secretary, Office of the Leader of the House of Commons (Barbara Keeley): I refer the hon. Gentleman to the answer that I gave some moments ago to the hon. Members for Shipley (Philip Davies) and for Isle of Wight (Mr. Turner).

Mr. Baron: Will the Minister address this matter seriously and urgently? Answers to written questions show that between 1997 and 2000, for each page of primary legislation, there were 14 minutes of debating time on the Floor of the House. In the three Sessions ending in 2006, that figure had halved to seven minutes. We need either to increase the amount of time we have to scrutinise legislation, or to introduce less but better legislation.

Barbara Keeley: Averages are perhaps not the best way to look at this matter. I looked at recent Bill Committees, including the Equality Bill. It had six hours of debate on Second Reading, seven hours of evidence taking and 38 hours of scrutiny sessions in Committee—a total of 51 hours—and it will have further time on Report. Before that, there was extensive written consultation, which brought in 4,000 responses. It is an excellent Bill, and there has been a great deal of scrutiny.

Business of the House

11.32 am

Sir George Young (North-West Hampshire) (Con): Will the Leader of the House give us the business for next week?

The Leader of the House of Commons (Ms Harriet Harman): The business for the week commencing 19 October will be:

MONDAY 19 OCTOBER—Opposition day (18th allotted day). There will be a full day's debate entitled "Economic Recovery and Welfare" on an Opposition motion.

TUESDAY 20 OCTOBER—Second Reading of the Constitutional Reform and Governance Bill.

WEDNESDAY 21 OCTOBER—Opposition day (19th allotted day). There will be debates on Equitable Life and climate change. Both debates will arise on a Liberal Democrat motion.

THURSDAY 22 OCTOBER—Topical debate, (subject to be announced), followed by a motion to take note of the outstanding reports of the Public Accounts Committee to which the Government have replied. Details will be given in the *Official Report*.

[The details are as follows: The 1st to the 6th, the 8th to the 11th, the 13th to the 23rd, and the 31st reports of the Committee of Public Accounts of Session 2008-09, and the Treasury Minutes of these reports (CM 7568, 7622 and 7636.]

The provisional business for the week commencing 26 October will include:

MONDAY 26 OCTOBER—Remaining stages of the Marine and Coastal Access Bill [*Lords*] (day 1).

TUESDAY 27 OCTOBER—Conclusion of remaining stages of the Marine and Coastal Access Bill [*Lords*], followed by Opposition day (unallotted half-day). There will be a half-day debate on an Opposition motion in the name of the minority parties, subject to be announced.

WEDNESDAY 28 OCTOBER—Opposition day (20th allotted day). There will be a debate on an Opposition motion subject to be announced.

THURSDAY 29 OCTOBER—Topical debate, subject to be announced, followed by general debate on the social care Green Paper.

The House will wish to know that on Wednesday 11 November at 11 o'clock in Westminster Abbey, there will be a Service of Commemoration to mark the passing of the first world war generation. Given the significance of this occasion, I propose to bring forward a motion to change the start of House business on 11 November. Instead of beginning at 11.30, as usually is on Wednesdays, House business will start at 2.30 pm.

I should also like to inform the House that the business in Westminster Hall for 22 and 29 October will be:

THURSDAY 22 OCTOBER—A debate on the report from the Culture, Media and Sport Committee on the Licensing Act 2003.

THURSDAY 29 OCTOBER—A debate on the report from the Energy and Climate Change Committee on UK offshore oil and gas.

Sir George Young: I am grateful to the Leader of the House for giving us the forthcoming business. I am also grateful to my hon. Friend the Member for Rutland and Melton (Alan Duncan) for doing the job before me in a challenging time for Parliament. Along with the Leader of the House, he transformed this weekly session into a lively event. I look forward to working with her in a constructive cross-party manner on some occasions, and holding her firmly to account on others.

On the special arrangements for 11 November, can the Leader of the House confirm that Prime Minister's questions will be at 3 pm on that day and that the House will continue to sit until 10 pm? Can she confirm that the Minister who will reply to the imminent debate on defence will have an answer to the question on cuts in Territorial Army training that my right hon. Friend the Member for Witney (Mr. Cameron) put to the Prime Minister yesterday, with a less than satisfactory response?

When will the Chancellor present his pre-Budget report? In 2007, it was on 9 October. When he does so, will he be as open with the public about the tough decisions that lie ahead of us on public spending as my party was at our conference last week, and will he confirm that there will be 9 per cent. cuts in departmental cash limits as recently revealed? Can the Leader of the House also give an indication of when the parliamentary calendar for next year will be published? The arrangements around Easter will be of more than usual interest.

On Tuesday, the Leader of the House announced the Second Reading of the Constitutional Reform and Governance Bill. Why was the Joint Committee of both Houses obliged by the Government to rush through the pre-legislative scrutiny of that Bill and complete its work in July last year? Why did the Government dither for 15 months before giving the Bill a Second Reading date? They now plan to push this important Bill through in the dying months of this Parliament. Is that the proper way to treat constitutional reform?

May we have an urgent debate on press freedom? The whole House is concerned about the injunction placed on *The Guardian* earlier this week, preventing it from publishing details of a parliamentary question. Will the Leader of the House give us a debate in Government time so that hon. Members can express their concerns that the freedoms won by John Wilkes should not be eroded?

May we have an urgent statement on the Government's legislative programme, which appears to be in chaos? On 21 September, the Government closed their consultation on the 11 Bills in the draft programme—a consultation that cost £80,000 last year, and on which this year there was no debate. Just a week later, at the Labour party conference, the Prime Minister announced at least six new legislative commitments that were not in the draft programme. How does the Leader of the House propose to shoehorn these additional commitments into the remaining months, and do not they make a mockery of having a consultation with the public in the first place?

Finally, may we have a debate on early-day motion 2033?

[That this House is concerned at reports that growing numbers of Returning Officers are considering postponing the counting of votes cast on the day of the General Election until the day after polling; believes that in the 21st century it would be a regressive move not to announce

[Sir George Young]

constituency results as early as possible; further believes that public confidence in the results could be undermined by delays in the counting of ballot papers and that fewer voters would be able to watch the results being announced if this were done on a Friday afternoon; and calls on local authorities throughout the United Kingdom to ensure that all ballot papers are counted immediately after the close of polls on General Election night, as has been the practice in previous General Elections.]

The early-day motion refers to general election night—an event that I hope will take place as soon as possible. It has attracted 126 signatures in three days and is a burning issue in the blogosphere. The gruelling marathon of election night specials, along with the imperative of not delaying the count, is as intrinsic to our democratic process as voting itself and an even older tradition than a Dimbleby presenting the coverage. Will the Leader of the House provide time for a debate so that the House can ensure that that tradition is not lost and that as many counts as possible take place when the polls close?

Ms Harman: I warmly welcome the right hon. Gentleman to his new role as shadow Leader of the House. Over the years he has always made the proceedings in the House the focus of his attention. He has been shadow Leader of the House before—indeed, I am the third Leader of the House that he has shadowed. He has also served with distinction as Chair of the Committee on Standards and Privileges. I look forward to working with him and I agree that the relationship between the Leader of the House and her shadow is a special relationship, and it is in the interests of the House that we work together.

I also pay tribute to the former shadow Leader of the House, the hon. Member for Rutland and Melton (Alan Duncan). It was very sad that he was sacked and rusticated out of the shadow Cabinet. It looks like he was sacked for drinking champagne, which he, like most people, probably thought was in the job description of a member of the Tory party, rather than an offence. Anyway, I hope that he finds his way back into the shadow Cabinet, if not before the general election, after it.

I confirm that Prime Minister's questions will take place on Wednesday 11 November and that the House will sit until 10 pm. The right hon. Gentleman is right, therefore, that all business will be shifted back on that day. He also asked about Territorial Army training, which was addressed not only in the statement made by the Prime Minister to the House yesterday, but in Prime Minister's questions, and there will be a full day's debate on defence this afternoon. I am sure, therefore, that those issues can be aired with Defence Ministers at that point.

The right hon. Gentleman asked, too, about public spending, and there will be a debate on the economy next week. No doubt, the Economic Ministers leading for the Government in that debate will make it clear that, although there are encouraging signs of recovery, the economy remains fragile, and that although the recession is abating, we are not yet out of the woods. To pull the plugs, therefore, on important capital investment and support for people who become unemployed will not, I am sure, be part of the agenda to be set out next Monday.

The right hon. Gentleman asked about the parliamentary calendar. I know that hon. Members are anxious to hear about this so that they can make their plans to be in their constituencies, working hard on behalf of their constituents and making appointments with them. That is why it is important that I bring the parliamentary calendar before the House as soon as I can. He also asked about the Constitutional Renewal Bill. I place on the record my thanks to hon. Members, in this House and the Lords, who served on the Joint Committee of both Houses that considered and conducted important pre-legislative scrutiny of that Bill.

The right hon. Gentleman asked about press freedom in respect of reports of proceedings of this House. That is an issue of great importance and concerns rights and democracy in this country. It is about more than just press freedom; it is about the importance of this House doing its job, and about people in this country knowing what we have said in this House. It remains the case, as it should, that the Speaker, or whoever is in the Chair, decides what can be said in this House. What is said in this House has absolute privilege. The only control comes from the Chair, which is exercised judicially, and always has been. What is said in this House can be reported. So long as it is fair and truthful, it can, and must, be reported by newspapers and other media outside. It should not be subject to rulings by the courts. This House decides its own proceedings, subject only to rulings by the Chair and qualified privilege in respect of truthfulness and fairness. Subject to that only, the proceedings of this House can be reported, and cannot be impinged upon by the courts. That is our responsibility.

Obviously, it is difficult to defend that, in respect of this House, if the House is not aware that our proceedings have been the subject of an injunction and prevented from publication. The House, the Table Office and the Ministry of Justice were not aware that there was an injunction on reporting proceedings in this House. My right hon. Friend the Secretary of State for Justice is liaising on the matter with myself and the Speaker. I assure the House, and people in this country, that we will continue doing our business. We will make absolutely sure that it is reported and that it is not for the courts to stop that.

The right hon. Gentleman also asked about the Queen's Speech. We set forth, earlier in the year, the draft legislative programme and those Bills in the pipeline at that time. We published the draft legislative programme so that people could comment on them. It is of course the case that, as the work of the Government and public debate proceed, Bills will come forward and be added later, and there is no dishonour in doing that. If a Bill on fiscal responsibility or on a national social care service is added after the draft legislative programme, it is not because it was planned at the time and held back, but because it was planned after the draft legislative programme was published. I would like to thank everybody who took part in the consultation on the draft legislative programme and remind the House that the Queen's Speech will be on 18 November.

The right hon. Gentleman talked about the campaign to save general election night. There is an early-day motion on that, which hon. Members have signed, but the count is, first and foremost, a matter for the Electoral Commission.

Mr. David Heath (Somerton and Frome) (LD): Let me start by also welcoming the right hon. Member for North-West Hampshire (Sir George Young) to the place that he occupied before. I often find that recycled goods are of exceedingly good quality, so I very much welcome him back.

May I just correct the right hon. and learned Lady? She is normally very good at reading out the business, but she appears to have misread the business for Wednesday 21 October. Just to clarify, the first debate on that day is entitled "Government's Betrayal of Equitable Life Policyholders", and that is followed by a debate entitled "Government's Failure of Leadership in the Climate Crisis". That possibly puts a slightly different gloss on matters, but we look forward to those debates.

May we have a debate on HM Courts Service, particularly in the light of this week's announcement of the closure of 20 magistrates courts and one county court, all in rural areas? I have spoken about this before, but it is important that those whom we represent in rural areas should have access to justice and that they can reach the courts that serve them, otherwise they will believe that the criminal justice system has retreated from those areas. I hope that the Ministry of Justice has properly taken into account the difficulties of public transport in rural areas and the fact that they are often remote. Perhaps we could have a debate on that.

Could we have a debate on graduate and youth unemployment? I am pleased that the rate of increase in unemployment has apparently abated, but it is still an increase. There is a particular concern about those who left school or university over the summer and are now finding it very difficult to get jobs. We should usefully debate how we can provide better prospects for those young people.

May we have a debate on the conduct of the banks? We have discussed the matter many times, but is the right hon. and learned Lady as horrified as I am to read in the newspapers of the colossal bonuses, averaging £500,000 per employee in some cases, that banks are again paying this year? Is she as concerned as I am that banks in public ownership are still not providing loan facilities to businesses that are desperate for support to get themselves out of their current difficulties?

Lastly, on the reporting of proceedings in Parliament, I very much welcome what both the right hon. and learned Lady and the right hon. Gentleman said. My hon. Friend the Member for Oxford, West and Abingdon (Dr. Harris) has secured a debate on the subject next week in Westminster Hall. May I suggest an innovation? It would be extremely helpful if the Lord Chancellor himself could speak in that debate. I know that Secretaries of State do not normally attend debates in Westminster Hall, but given the importance of the issue, it would be extremely helpful to hear his views at an early stage. I therefore hope that he may be able to attend that debate and respond in person.

Ms Harman: As the hon. Gentleman said, the titles given to those Opposition day debates put a gloss on them. I had always understood it that debate titles were for hon. Members to know the subject of the debate and that they should not contain argument. Talk about "betrayal" and "failure" is certainly arguable and by no means a matter of fact. This is something that I am going to have to discuss with the Table Office. In the olden days, we could not put down titles like that; we put down what the facts were. We will have to see. We need a bit of traditional values in that respect.

Turning to the hon. Gentleman's important point about the magistrates courts service, I will raise the matter with the Justice Secretary and see whether he wants to respond by writing to the hon. Gentleman or whether he thinks that there should be a written ministerial statement, as the next Justice questions are still some way off.

The hon. Gentleman raised the question of youth unemployment. The unemployment figures for the most recent quarter were published yesterday, and, as he rightly said, the rate of increase in unemployment, including youth unemployment, is slowing. However, there is still an increase in unemployment, and in youth unemployment, so we have to ensure that we do everything we can to protect jobs in the economy and to help those who become unemployed.

The Prime Minister has said on many occasions that youth unemployment is absolutely at the top of our agenda. We are not going to stand by and do nothing while a generation of young people are thrown on to the dole. That is why we put in place the education maintenance allowance and the guarantee for young people aged 16 and 17 to be able to stay in education and training, and it is why we are bringing in a guarantee that no one under 24 should go without a job or training for a year. We also continue to invest in the important work of the jobcentres. I am sure that this subject will be raised in next Monday's debate on economic recovery and welfare.

The hon. Gentleman raised the subject of the conduct of the banks in two respects: loan facilities and bonuses. That, too, will be well within the terms of reference of next Monday's debate. On loan facilities, the Prime Minister said yesterday that we have agreements with the banks and that we are determined to enforce them. On bonuses, the Government are absolutely clear that there must be no return to business as usual. There must be no return to the excesses that caused risk in the system, the cost of which the public purse ultimately had to pick up, and which resulted in perfectly good businesses going under and people becoming unemployed. That sort of reckless risk-taking is to be stopped. The Prime Minister and the team of Ministers have raised this issue at the G20 in order to seek international agreement across this international industry. There will be no cash bonuses this year in the banks that the public now largely own, and the Financial Services Authority has strengthened the requirements for capital reserves in the context of identifying any reckless risk-taking in relation to the bonus system in any regulated bank. Furthermore, Sir David Walker is going to report on corporate governance, and the role that excessive bonuses have played in taking risks will obviously fall within his remit. I think we all agree that there can be no return to business as usual in this context.

The hon. Gentleman raised the matter of reporting the House, and drew our attention to the forthcoming Westminster Hall debate. I do not yet know which Minister will deal with that debate, but I will bring the hon. Gentleman's suggestion to the attention of the Justice Secretary, who has been very active on this issue and is every bit as concerned as I am—and as all hon. Members are—that we get things straight in this respect. We might well need to have a debate on this on the

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Floor of the House—possibly a topical debate. It is a fundamental cornerstone of this democracy that, when we are elected by our electors, we should be able to come and speak in this House without fear or favour, and that the press should be able to report what we say. We continue to be certain that we will defend that on behalf of the House.

Several hon. Members *rose—*

Mr. Speaker: Order. Twenty-six right hon. and hon. Members are seeking to catch my eye and, if some are not to be disappointed, I shall need short questions and short answers.

Jim Dobbin (Heywood and Middleton) (Lab/Co-op): My constituent, Mrs. Jean Edwards, became ill while on holiday in Turkey. She is being treated for a blocked colon at the Mars Mabedi Cad private hospital in Bodrum, and is still in intensive care. She had full travel insurance cover with EHIC Plus Travel Insurance, but the company and its directors have refused to honour their insurance liability. The company is well known to the medical screening industry for acting similarly in other cases. The cost of my constituent's treatment so far is £64,000, but the hospital will accept only £27,300 before releasing her, and an air ambulance crew would cost about £24,300. Will the Leader of the House consider allowing a debate on rogue travel insurance companies, as a warning to other travellers, to ensure that only—

Mr. Speaker: Order. We are getting off to a very bad start, and I want to get off to a good start.

Ms Harman: My hon. Friend has raised an important case on behalf of one of his constituents. I will bring it to the attention of Ministers in the Department for Business, Innovation and Skills, because it goes to the question of the probity and integrity of the insurance industry. I also recommend that he seeks the opportunity for an Adjournment debate on the issue.

Mr. Julian Brazier (Canterbury) (Con): May I echo the call from my right hon. Friend the Member for North-West Hampshire (Sir George Young) for an urgent statement on the future of the Territorial Army? People make huge sacrifices to join the TA, and it is now threatened with a six-month suspension of training, although that still has not been published.

Ms Harman: There will be a defence debate throughout this afternoon, and the hon. Gentleman will no doubt try to catch the Speaker's eye if he so wishes.

John Austin (Erith and Thamesmead) (Lab): Mr. Speaker, you will be aware that 25 November is the international day for the elimination of violence against women. This year is the 10th anniversary of the formal proclamation by the United Nations. I hope that the Leader of the House is also aware of the Council of Europe's campaign on violence against women, and of the desire of the Parliamentary Assembly of the Council of Europe to give a parliamentary dimension to the campaign. It is keen to see action in national Parliaments on that day. We could of course have an Adjournment debate on the subject, but I believe that violence against women constitutes one the most serious abuses of human rights in the world today, and it would reflect the seriousness of the issue if we were to have a debate in Government time on—

Mr. Speaker: Order.

Ms Harman: I absolutely agree with everything that my hon. Friend has said. It might well be that we can look to having a topical debate on that. It certainly would be topical around 25 November, with all the concerted national and international effort focused on tackling domestic violence in that week.

Mr. Andrew Mackay (Bracknell) (Con): Returning to the vexed issue of the training of TA soldiers going to Iraq, surely the Leader of the House is mistaken to say that the Prime Minister covered the matter adequately yesterday. He did not, by his own admission. May we therefore have an absolute guarantee that the Secretary of State will clear up this very serious matter properly at the Dispatch Box during this afternoon's debate?

Ms Harman: The right hon. Gentleman can seek to intervene on the Minister who opens the debate, or he can speak in the debate.

Mr. Jim Devine (Livingston) (Lab): This week marks the third anniversary of the collapse of the Farepak Christmas savings scheme. The directors have not been called to account, and tens of thousands of decent, hard-working families still want to know what happened to their money. May we have a debate on this in Government time, and can we have a report on the matter, similar to the one that was produced on MG Motors?

Ms Harman: I commend my hon. Friend for drawing attention to the great length of time that it has taken for the report on the Farepak inquiry to come forward. Many people who could ill afford to lose their money were affected, and I commend him for championing their case. I will bring his question to the attention of Ministers in the relevant Department, and ensure that those conducting the inquiry know that we are impatient for a result.

Mr. Paul Burstow (Sutton and Cheam) (LD): May I draw the Leader of the House's attention to early-day motion 1995?

[That this House notes that in the National Strategy for Carers the Government pledged that by 2018 carers will be supported so that they are not forced into financial hardship by their caring role; believes that carers cannot wait because too many are living in poverty and financial hardship now, struggling to afford the basic costs of living, unable to study or work without their benefits being cut off, or facing the removal of their allowance when they start to claim their pension; further notes that the UK's six million carers save the country an estimated £87 billion per year, and that in return, the main carer's benefit is the lowest of its kind, paid at only £53.10 a week for a minimum of 35 hours caring, equivalent to £1.52 per hour, far short of the national minimum wage of £5.73 per hour; supports the Carer's Poverty Charter signed by the Alzheimer's Society, Carers UK, Citizens Advice, Contact a Family, Counsel and Care, Crossroads Caring for Carers, Every Disabled Child Matters, for dementia, Mencap, Macmillan Cancer, Motor Neurone Disease Society, National Autistic Society, Oxfam, Parkinson's Disease Society,

Princess Royal Trust for Carers, Rethink, Union of Shop, Distributive and Allied Workers and Vitalise; and calls on the Government to set out an urgent timetable of action to improve carers' benefits and income that protects carers from falling into poverty or financial hardship, reflects carers' different circumstances, helps carers to combine caring with paid work and study and is easy to understand and straightforward to claim.]

The motion highlights the carer's poverty charter, which has the support of Carers UK, other carers' charities, patient groups and the *Daily Mirror*. Its intention is to highlight the fact that the Government have committed themselves to a deadline for dealing with carer poverty by 2018. Should not the issue be dealt with more rapidly? We need to eradicate poverty among carers as soon as possible, and we need an urgent timetable from the Government. May we have an urgent debate on this matter?

Ms Harman: There will be a debate on Thursday 29 October on the social care Green Paper, in which all those issues can no doubt be raised. The number of people over the age of 85 is set to double in the next 20 years, so the care and support provided by health authorities and social services and, above all, by families is a crucial issue. We have introduced a right to flexible working for those with caring responsibilities, and the Prime Minister has announced that we will legislate for a national care service. My hon. Friend can be assured that the question of care is at the front of the Government's agenda, and we will be able to debate it on Thursday 29 October.

Jim Sheridan (Paisley and Renfrewshire, North) (Lab): My right hon. and learned Friend might be aware that 1,175 members of staff of MPs have signed a petition calling on the House authorities to recognise their trade union for collective bargaining purposes. Will she use her good offices to ensure that this aspiration becomes a reality?

Ms Harman: My hon. Friend the Deputy Leader of the House is shortly to meet the trade union Unite, which represents people who work for Members of Parliament. I think that the legal position is that a recognition agreement may be signed only between the employer and the employee—and the employer is the individual Member rather than the House authorities. None the less, I believe it possible to have full consultation arrangements and for facilities to be made available for the trade unions representing those who work for Members. We will work closely with the unions and the House authorities to ensure that that is the case.

Dr. Andrew Murrison (Westbury) (Con): As a member of the reserve forces, may I point out that thousands of my colleagues have served in Iraq and Afghanistan and some have given their lives, so training is not an optional extra? Will the Leader of the House ask the Defence Secretary to ensure that when he comes to the House this afternoon, he comes prepared to explain the difference between the strategic review of reserves, which the Government accepted in full in April, and the cuts we heard about at the weekend?

Ms Harman: Hon. Members will get much more extensive and satisfactory answers if they put these questions to the Minister who leads this afternoon's debate. A full day's debate will start as soon as we commence the afternoon's business. Defence Ministers should be asked these questions—otherwise my answer, which is to wait until this afternoon and put points then, is going to get repetitive.

Mr. David Drew (Stroud) (Lab/Co-op): Tomorrow sees the Second Reading of the Media Owners (Residency Requirement) Bill, which stands in my name. Unfortunately, it is listed as No. 62, so it is unlikely to make much progress. The Bill restricts ownership of any media outlet to those who are resident in this country and it demands that they pay full tax. Is this not a good Bill, which the Government should take forward?

Ms Harman: I commend my hon. Friend for bringing the Bill forward. I understand that the issues it deals with are of concern to the Department for Culture, Media and Sport, so I will ensure that it focuses on the Bill. I am sure that members of the Select Committee will want to look at the issue, too.

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): May we have an early debate entitled "The Rule of Law"? That would enable the House to repeat the basic principles that everybody is entitled to regulate their affairs in accordance with the law, practices and rules that exist at the time, that they are entitled to rely on the authority given by properly authorised employees, and that any departure from these principles is a denial of natural justice and is likely to be regarded by the courts as unlawful?

Ms Harman: The right hon. and learned Gentleman is, I think, referring to the report of Sir Thomas Legg. Am I right in that respect? I shall take the fact that he has not responded to be a yes. I think that everyone in the House recognises that the allowance system had become discredited and all sides of the House have accepted that action needs to be taken. That is why the House agreed that, in future, we should have a wholly independent system in which Members play no part in either setting or administering it. The establishment of the Independent Parliamentary Standards Authority is under way.

A payback system was also proposed so that any overpayments outwith the rules and standards that obtained at the time could be paid back. If, for example, payments had been made from the additional costs allowance towards capital on a mortgage when only payments towards interest were allowed, that would be an overpayment which would need to be paid back. Duplication of payments within the rules, paid twice by accident, provides another example of what would need to be paid back. That was the purpose of the Members Estimate Committee—chaired by you, Mr. Speaker—asking Sir Thomas Legg to conduct a review of all past claims of all Members over the last five years in order to look at whether payments were made within the rules and standards that obtained at the time. Those were the terms of reference for Sir Thomas Legg, and you, Mr. Speaker, confirmed that in your letter to all hon. Members of 12 October.

Those terms of reference also require Sir Thomas to consider any representations in respect of his preliminary findings on claims. That is why there is a three-week

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period in which hon. Members may respond to Sir Thomas. If they believe that there are any inaccuracies or that they are not being judged by the rules and standards that obtained at the time, they will no doubt point that out. We obviously have to judge things by the rules and standards that obtained at the time; doing anything else would be arbitrary.

Mr. Ben Wallace (Lancaster and Wyre) (Con): This has been an appalling week in which MPs have been besieged as a result of the letters from Sir Thomas Legg. Will the Leader of the House consider having a debate on the commencement of the democratic renewal process? She can have as many reviews, reports and inquiries as she likes, but until this weak and insecure Parliament and this weak and discredited Government seek a new mandate from the people, we will never draw a line under the expenses issues.

Ms Harman: It is for us in the House to take responsibility for ensuring that the public can have confidence that the allowances issue has been dealt with. Given that the system has been discredited, we need to take responsibility now for setting up a new one that will be independent and one in which in future we play no part; and we need to take responsibility now for setting up a system of payback. Then, when we get to the general election, people can put themselves forward in the knowledge that they are standing for a House whose allowances system has been put on a footing in which the public can have complete confidence.

David Taylor (North-West Leicestershire) (Lab/Co-op): I speak further to the comments of my hon. Friend the Member for Paisley and Renfrewshire, North (Jim Sheridan) and the sentiments of early-day motion 1057, tabled last year, and early-day motion 1677:

[That this House congratulates the Unite 11427 branch on its quarter century of representing staff of hon. Members; and asks the House of Commons Commission to recognise the branch for the purposes of collective bargaining.]

It recognises that the Unite branch of staff who work for MPs has been in existence for more than 25 years and it is high time that it was recognised for collective bargaining. Will my right hon. and learned Friend confirm that there is a meeting of the House of Commons Commission at 5 pm on Monday and that she will raise this issue then, because we need good employee relations in this place and doing so would be a good step towards them?

Ms Harman: We do need to recognise the important work done on behalf of the House and Members of Parliament by their staff. The legal situation is that the relationship between employer and employee is at issue. The employer is the individual Member, but that does not mean that there should not be arrangements for informal recognition and union involvement when issues affecting Members' staff come up for discussion. There is indeed a meeting of the Members Estimate Committee on Monday and I undertake to ensure that if the issue is not already on the agenda, it will be.

Mark Pritchard (The Wrekin) (Con): May we have an urgent debate on the proposals by the Shrewsbury and Telford NHS Hospital Trust to close the A and E ward and the paediatric unit at the Princess Royal hospital in my constituency? Is the Leader of the House aware of the size of the county of Shropshire and that if that closure goes ahead, the lives of the young and people of all ages will be lost as they are transferred to the west of the county?

Ms Harman: We have just had Health questions and I do not know whether the hon. Gentleman sought to raise the issue there. If he did not, I will ask the Minister responsible for hospitals to respond. The main concern is to ensure that people who need A and E services after an accident or an emergency get the best possible expert care and make the fullest recovery. That is a matter of specialisation as well as accessibility.

Mr. Alan Reid (Argyll and Bute) (LD): If the postal strike goes ahead, it will be disastrous for many small businesses and will be complete suicide for Royal Mail itself. Will the Government get both sides of the dispute together and hammer out an urgent settlement. May we have a statement from the Business Secretary on this matter?

Ms Harman: The Business Secretary and the Minister for Business, Innovation and Skills, as well as the Government, are very concerned about the effect of the strike not only on individuals and small businesses, but on the future of Royal Mail itself. If there is a strike, customers such as Amazon and the House of Fraser might take their business elsewhere and it would be very difficult for Royal Mail to get that business back. Royal Mail increasingly depends not on our all sending individual letters to each other, but on individuals ordering goods on the internet, which are then delivered by Royal Mail. There are a number of very big customers and if they were lost, it would be very bad news indeed for the future of Royal Mail.

It is for the unions and the management to get around a table to resolve the issue in the interests of the future of Royal Mail. I know that my colleagues in the Department for Business, Innovation and Skills are keen for them to do exactly that, and are keeping in close touch with them.

Mr. Robert Walter (North Dorset) (Con): The Leader of the House will be aware that the South West Regional Grand Committee met in Exeter at the beginning of September. She will also be aware that the Government were heavily defeated on the motion that was on the Order Paper. That was a result of the frustration felt by Members who were present about the fact that after we had heard the speeches of the Minister, the Opposition spokesman, the Liberal Democrat spokesman and the Chairman of the Select Committee, there was time for only two Back-Bench speeches. Would it be possible in future for the regional Grand Committees to set their own agendas and their own timings? If not, can the Leader of the House make alternative arrangements?

Ms Harman: This is a constitutional innovation, and we need to keep it under review. We shall have to learn from experience as the regional Grand Committees and Select Committees embark on their work. The hon. Gentleman has made a specific critique of the South West Regional Grand Committee. We shall have to examine the way in which it is working, and take on board any suggestions that he makes. We want to ensure

that all Back-Bench members of the Committee have an opportunity to have their say as well as an opportunity to listen to the presentations of Front Benchers.

Angela Watkinson (Upminster) (Con): Annual health checks have revealed certain weaknesses in the NHS in Havering, including the measurement of childhood obesity. Surely responsibility for childhood obesity lies with parents, as does responsibility for antisocial behaviour and under-age sex, drinking and smoking. May we have a debate on parental responsibility?

Ms Harman: I think that childhood obesity is a public health issue, and that although the primary responsibility lies with parents, responsibility also lies with schools. It is a question of nutrition in schools, as well as education. Responsibility also lies with health authorities, as it is a public health issue. I do not know whether the hon. Lady sought an opportunity to raise the matter during Health questions on Tuesday, but in any event I shall bring her point to the attention of Health Ministers.

Richard Ottaway (Croydon, South) (Con): The Director of Public Prosecutions recently presented proposals to amend and clarify the law on assisted suicide. As it happens, I approve of the direction in which he is going, but does the Leader of the House agree that it is not for public prosecutors to decide the criminal law of this country? Will she arrange a debate, on a substantive motion, to ascertain the will of the House before the consultation period ends?

Ms Harman: The will of the House is expressed in primary legislation which already exists and has not changed. The court decision required the Director of Public Prosecutions to clarify the criteria that he would apply when deciding, on the basis of the public interest test, whether to bring a prosecution. The code for prosecutors requires the DPP, or the public prosecutor, to take account of two issues, the sufficiency of evidence and whether there is a public interest in the prosecution. There had been no guidance on how the prosecutors would apply themselves to the public interest test in deciding whether to bring a case in respect of assisting a suicide. Following the court case, the DPP has issued draft guidance, which is being consulted on. When that guidance is concluded, it will be issued to prosecutors.

I know that the hon. Gentleman takes an interest in this matter. Perhaps he will look at the draft guidance and respond to the consultation.

Mr. Nigel Dodds (Belfast, North) (DUP): May we have a debate in Government time on the issue of policing and public security in Northern Ireland, given the rise—as we have been warned by the Chief Constable—in the dissident terrorist threat to police officers and others, and the considerable concern throughout the community about the ongoing closure of police stations and the withdrawal of personal protection weapons from ex-members of the security forces? A debate would allow us to raise all those issues which are of such great public concern in Northern Ireland at present.

Ms Harman: I entirely accept what the hon. Gentleman has said about the importance of those issues to people in Northern Ireland, and I think that all of us, throughout the United Kingdom, want to see the peace process make progress in that respect. I note that the minority parties have secured an Opposition day for the week after next. It may be possible for the hon. Gentleman to find an opportunity then to air those issues on the Floor of the House.

Ann Winterton (Congleton) (Con): May I suggest that the right hon. and learned Lady break precedent, as it were, and insist that a Minister come to the House this afternoon to make a statement on the Territorial Army? The Government have insulted our voluntary army. Having been reassured that it is part of one Army, and having fought side by side with regular soldiers in Iraq and Afghanistan, it is now being told that although it can continue to train, it will not be paid until next March. Try that on the retained firefighters!

Ms Harman: If the hon. Lady feels sufficiently strongly about the matter, she may wish to ask questions in the debate that will follow business questions, rather than asking questions of me as Leader of the House.

Mr. Paul Goodman (Wycombe) (Con): The Government's Prevent programme has always been based on threats to public safety. It was expanded during the summer to take account of racist extremism as well as extremism claimed in the name of Islam. There can be no objection to that change in principle, but can the Leader of the House confirm that it was accompanied by a security assessment? If she cannot do that, can she tell us whether a Minister plans to come to the Dispatch Box to give such confirmation?

Ms Harman: Perhaps I should ask the Secretary of State for Communities and Local Government to issue a written ministerial statement, if he has not already done so. I am sure that he has taken account of all the relevant factors mentioned by the hon. Gentleman, but this is an important expansion of a valuable and important programme, and the House may wish to see further details of the criteria if they have not already been put on the Order Paper.

Mr. Hugo Swire (East Devon) (Con): In his statement on Afghanistan yesterday, the Prime Minister stated categorically:

"Anybody who goes to Afghanistan has the assurance that we will do everything in our power to make sure that they are fully equipped for the tasks that they undertake."—[*Official Report*, 14 October 2009; Vol. 497, c. 306.]

Many Members have been to Afghanistan and have seen the job that the TA and our reserve forces are doing there, and many of our constituents will find it incomprehensible and, indeed, contemptible that the Government are not prepared to allow a debate exclusively on the TA and our reserve forces, so that we can pay tribute to them and find out what is happening in regard to what is effectively a training freeze.

Ms Harman: I take it that the hon. Gentleman is suggesting that, in addition to the defence debate, there should be a specific topical debate on the Territorial Army. If other Members have been suggesting that and I have been missing the point, I apologise. Obviously the full afternoon debate on defence will deal with broader subjects than the TA, such as the mission in Afghanistan, troop deployment and procurement. The

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hon. Gentleman has asked for a separate debate on the Territorial Army, and I will take that into consideration when choosing the subject of the next topical debate.

John Mason (Glasgow, East) (SNP): Could the Leader of the House arrange for a statement to be made on the sometimes excessively rigid visa system that is currently being applied? During the recess, a pipe band from Pakistan was not allowed to compete in Glasgow, and there have also been cases of speakers at Christian conferences and youth workers from north America being turned back at the airport.

Ms Harman: The UK Border Agency and our commissions overseas have a difficult balance to strike. They must be absolutely sure that visa applications are genuine and that those who seek to come to this country are really coming for the purpose specified in the visa, which requires them to make certain checks, but they must also exercise flexibility in allowing entry expeditiously to genuine visitors who come here to attend celebrations such as weddings, or funerals. If the hon. Gentleman wishes to raise an individual case with the Minister for Borders and Immigration, the staff of the UK Border Agency and those manning the Minister's hotline in the Home Office will always assist. I pay tribute to those people: I have always found that they work very hard on behalf of Members wishing to raise emergency questions about visas.

Mr. Mark Harper (Forest of Dean) (Con): I think that the right hon. and learned Lady is overlooking the anger in the House about the issue of the TA. Yesterday my right hon. Friend the Leader of the Opposition raised a specific case with the Prime Minister, who failed to deal with it adequately. It now transpires that many more service personnel are affected. As the Secretary of State for Defence is in the Chamber to hear my question, can we ensure that, without anyone having to question him about the matter, he will be prepared to come to the Dispatch Box to deal with it comprehensively to the satisfaction of Members? It is not acceptable for our armed forces to be sent on operations to Afghanistan without the appropriate training. The Leader of the House has a responsibility to ensure that members of the Government come to the House adequately prepared to deal with the issues of the day.

Ms Harman: This is becoming a bit surreal. The Secretary of State for Defence is present and no doubt will be able to respond to Members who seek to put questions about the Territorial Army to him, rather than to me. I have not missed the substance of the points that hon. Members have been making; I acknowledge that I might have missed the procedural point, but I certainly do not miss the point about the importance of the Territorial Army—far from it—and nobody in the Government does.

Philip Davies (Shipley) (Con): May we have a debate on the damage caused by the Human Rights Act 1998? Over the summer recess, we read reports of paedophiles and rapists winning the right to have their names removed from the sex offenders register in what was described as a landmark human rights ruling. I have no idea whether this is what the Government had in mind when they championed the Human Rights Act, but is it not another example of the human rights of rapists, murderers and other criminals being put before those of decent law-abiding people in this country?

Ms Harman: There is no question of the Human Rights Act putting the rights of criminals ahead of those of victims; far from it. Most of the reports about what has been done in the name of the Human Rights Act are extremely misleading and downright wrong. I think the Human Rights Act has been a very important piece of legislation. The Government are proud of it, and one very good reason for stopping the Tories getting into Government next time around is their commitment to abolish it.

Greg Mulholland (Leeds, North-West) (LD): The contract to run the Eccleshill independent sector treatment centre, used by both NHS Leeds and NHS Bradford, is currently out to tender, and despite the fact that in 2006 it emerged that operations that were not being carried out were still being paid for and also that, tragically, in 2007 my constituent John Hubley unnecessarily died owing to the woeful safety practices there, we are being told that there will be no public consultation whatever about this contract. Frankly, that is a scandal. Will the Secretary of State for Health come to the House to explain this to the people of Leeds and Bradford? Also, when will we finally get a debate in Government time about the use of independent sector treatment centres in the NHS, which I have asked for again and again and again?

Mr. Speaker: Order. I have had reason several times in recent days to say that questions must be brief. That question was too long.

Ms Harman: The Government are concerned that any work that is done, either directly by the health service or under contract to the health service for NHS patients, should be done to the highest possible standards of patient safety and care. Those standards must obtain in independent treatment centres as well as in direct provision by the NHS. I know there have been recent reports on this, and I will draw the hon. Gentleman's comments to the attention of the Secretary of State for Health.

Mr. Peter Bone (Wellingborough) (Con): I appreciate that unemployment across the country is higher now than it was in 1997, but in my constituency it has doubled since 1997. I am not trying to make a political point, but two more companies in my constituency are closing which will result in even more people becoming unemployed. May we have a statement or a debate on those constituencies where there has been a disproportionately high rise in unemployment and what the Government could do to help in those constituencies?

Ms Harman: There are about 2 million more people in jobs than there were in 1997. As I have said, although there is still growing unemployment, the rate of increase is down. The regional Committees provide a very important opportunity to scrutinise the work of regional development agencies and Government Departments within a region to ensure economic prosperity in that region. I suggest that the hon. Gentleman pursues this issue on the regional Committee.

Mark Hunter (Cheadle) (LD): Notwithstanding the progress of the Autism Bill, which is, of course, a hugely important step forward, the National Autistic Society has launched its "Don't write me off" campaign, which seeks to raise issues to do with making the system fairer for people with autism. Given that only 15 per cent. of adults with autism have full-time jobs and nearly 80 per cent. of those who are on incapacity benefits want to work, does the Leader of the House support the campaign and agree with me that it is time that the House found an opportunity to debate the important issues it raises?

Ms Harman: There may well be an opportunity to debate it on Thursday 29th when we discuss social care generally, as I am sure it will be within the terms of reference of that debate.

Points of Order

12.25 pm

Dr. Liam Fox (Woodspring) (Con): On a point of order, Mr. Speaker. About an hour ago, the Government published the Gray report, the very important report into acquisition which has been suppressed throughout the summer recess. Only this week we were told in an answer that the report is expected to be published in the autumn. Now, an hour—or even less—before a debate on defence, Members are asked to read and digest 296 pages of non-stop damning criticism of Government procedure. This is an insult to the House; it is a despicable and cowardly act and indicative of a Government who care more about their own reputation than informing the House. As the Secretary of State is present, may I ask, Mr. Speaker, that we get a separate statement on this tomorrow? If the Government do not provide a separate statement, the Opposition will certainly ask for an urgent question.

Mr. Speaker: I am grateful to the hon. Gentleman for raising his point of order. The laying of documents, including the timing of when they are laid, is a matter for Government. However, I have listened very carefully to what the hon. Gentleman has said and in the light of the fact that, as I understand it, the report was completed some time ago, I say to members of the Treasury Bench that, frankly, it can be regarded as a rank discourtesy to the House that it has been published only an hour or so before the next debate. As the Secretary of State for Defence is present, I invite him to respond to the point of order.

The Secretary of State for Defence (Mr. Bob Ainsworth): I know what is said, but the report was not completed some time ago. That is why it was not published before the recess, and I think the House would have been damning of me had I published it during the recess. I have published it at the earliest opportunity in the House. I sincerely regret that we were not able to get it to Opposition Members earlier this morning, but it is now available for everyone to examine, and we will be able to do that in the months ahead in the run-up to the Government's Green Paper, where we will have to address acquisition reform and many of the issues raised by Bernard Gray.

Mr. Speaker: The Secretary of State has heard the point of order and my response to it, and I have listened with interest and respect to his response. I must say to him that publication a matter of an hour before the debate is regarded by Members as a discourtesy, and I confess that I myself also regard it as a discourtesy, and I hope that this will not happen again.

Mr. James Arbuthnot (North-East Hampshire) (Con): Further to that point of order, Mr. Speaker. I am surprised at what the Secretary of State has just said. I read this report in July. I have just read it again as fast as I could, and it has changed by a few words but its entire structure and basis are exactly the same, so for the Secretary of State to say that it was not complete before the summer recess surprises me.

Mr. Speaker: I am grateful to the right hon. Gentleman for his attempted point of order, but I am not quite sure that it constitutes a point of order. It is perhaps—I am

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sure he regards it as this—a helpful elaboration of the issues, but I hope he will understand that I do not want to be drawn further. I have said what I have to say, and I think that what I have said is very clear.

Defence Policy

12.28 pm

The Secretary of State for Defence (Mr. Bob Ainsworth): I beg to move,

That this House has considered the matter of defence policy.

Defence policy is about delivering security for the people of this country, including security against terrorism, and being a force for good by strengthening international peace and stability. The Ministry of Defence and the nation's armed forces do this in two ways: first, by ensuring that, within planned resources, we have the military capability needed to meet the Government's policy aims; and, secondly, by delivering military effect on operations. Therefore, I would like to address my remarks today, first, to the delivery of our operation in Afghanistan and, secondly, to how we are preparing our armed forces for the future, including procurement and acquisition reform.

I know that all in this House and across the country hold our armed forces in the highest regard and have deep respect for their commitment and professionalism. Yesterday, we paid tribute to those who died over the summer. Some 221 members of the armed forces have lost their lives in Afghanistan since operations began in 2001 and many more have been injured, some with life-changing injuries. For their families, friends and comrades that is a heavy price to bear. This year alone, the NATO-led coalition has suffered 409 fatalities, with the United States bearing the brunt. In particular, I should like to pay tribute to those who fight alongside the UK forces in Helmand and have done so over this difficult summer in Operation Panther's Claw—they include the forces of Denmark and Estonia. We are in this together: 42 nations are represented in the international security assistance force, working side by side with the Afghans, under a United Nations mandate and at the invitation of the Afghan Government. The Afghans themselves are paying an extremely high price; many hundreds of members of the Afghan national security forces have lost their lives this year.

Last week, in St. Paul's cathedral, we paid tribute to the achievements of British troops in Iraq, where 179 of our people lost their lives. I am pleased to report to the House that, on Tuesday, the Iraqi Council of Representatives gave our bilateral agreement on naval training and maritime support its third and final reading. I shall keep the House informed of progress as we conclude that agreement, through which we will provide ongoing training to the Iraqi navy at Umm Qasr, in southern Iraq. Alongside our role in leading the training of Iraqi officers in the Baghdad area, that will be an important component of a broad-based bilateral relationship between the United Kingdom and Iraq.

With the end of combat operations in Iraq, our effort in Afghanistan is the main one. Our presence there is supported by all parties in the House. I have looked closely at the statements and the speeches of Opposition Front Benchers and have found that there is a great deal of consensus in what we say. We agree that our forces are in Afghanistan primarily for reasons of national security. We agree that we operate in Afghanistan to prevent the Taliban from returning to power and, again, giving al-Qaeda free rein. We agree that our approach must be regional and that our strategy must

focus on Pakistan as well, so that we tackle the violent extremism in the area as a whole. Pakistan's armed forces have dealt the Pakistani Taliban a severe blow in the Swat valley, and are looking to take on the insurgents and their leadership in South Waziristan. As I heard when I visited the Pakistan army headquarters in Islamabad just over a week ago, Pakistan has paid a heavy price for taking on the violent extremists. We should recognise the efforts that Pakistan's forces are making and the sacrifice that is being made.

In this House, we agree that, unlike Pakistan, Afghanistan does not yet have the capacity to resist the Taliban-led insurgency on its own. We agree that building Afghanistan's capacity to do that will mean that, over time, we will be able to reduce our military commitment, which is why we agree to focus on the training and the partnering of the Afghan security forces. We agree that the security space provided by NATO operations must be used to build and develop Afghan governance in order to give the Afghan people a stake in their own future and to help them to turn their backs on the Taliban-led insurgency. We agree that military and development operations must be backed up by a political strategy that bears down on the insurgency and begins the process of reconciliation. We agree that the consequences of failure in Afghanistan would be disastrous: it would be seen as a victory for the violent extremists, increasing the threat of terrorism back here at home; it would destabilise a particularly sensitive region, including nuclear-armed Pakistan; it would seriously undermine NATO, which has been the bedrock of our defence for the past 60 years; and it would damage the reputation of Britain's armed forces and call into question the ability of the UK Government to project power in the future.

Let us be clear that sustained pressure on al-Qaeda in Pakistan, combined with military action in Afghanistan, is having a suppressive effect on al-Qaeda. A peaceful and stable Afghanistan would be a strategic failure for al-Qaeda. Three quarters of the most serious terror plots against the UK have their roots in the border and mountain areas between Afghanistan and Pakistan, so the success of the ISAF mission in Afghanistan is therefore of critical importance to the security of British citizens and to UK interests.

Mr. John Baron (Billericay) (Con): I am sure that the Secretary of State would agree that until we reach the point that he has just described, we need to ensure that we have enough troops in theatre to carry out the task that is asked of them. At the height of the troubles, we had more than 20,000 troops in Northern Ireland. As he is well aware, Helmand province is nearly twice the size of Northern Ireland and Wales put together. The announcement of an extra 500 troops smacks of too little, too late, given the scale of the task. When will he deploy a substantial number of troops—more troops—to Helmand province, as requested by the military? If he does not do that, overstretch will continue to cost lives unnecessarily.

Mr. Ainsworth: I intend to discuss troop numbers later in my speech—nobody is in any doubt that I would have to address the issue at some time—and I will give way to the hon. Gentleman again on that point should he care to intervene then.

Paul Flynn (Newport, West) (Lab): We hear lots about terrorist threats and the Pakistan-Afghanistan border, but can the Secretary of State tell us precisely how many terrorist attacks against our country have been planned by the Taliban in Afghanistan?

Mr. Ainsworth: I know that my hon. Friend does not support our involvement in Afghanistan and thinks that it is not linked to our national security, but he knows that all the time we are thwarting threats to our security back here at home; most recently, people were prosecuted for the attempted airline bombs. Many of the threats are disrupted before they reach fruition, thank heavens, but it is well known and accepted—and I state this as a fact—that three quarters of the threats to this country originate in that region.

Mr. Tobias Ellwood (Bournemouth, East) (Con): The Secretary of State said that he has the support of the Conservatives, but I think that that extends only to the support given to the armed forces. Time and again, we have suggested that the Government are adopting the wrong strategy in Afghanistan. That has now been proved by Admiral Mullen saying that we need to change—General McChrystal said the same in his report. What does the Secretary of State say about that now? How will things change in Afghanistan, given that in his report General McChrystal is quoted as saying:

"ISAF is a conventional force that is poorly configured for COIN".

What will happen in respect of British troops so that we change and adopt a new strategy?

Mr. Ainsworth: The reason I read out that list of agreements was to prove that what the hon. Gentleman says is not true. That list was an analysis of statements made by his own Front-Bench team and by the Front Benchers of other parties over time. It proves that there is widespread agreement on our strategy for Afghanistan. Inevitably, people will have a political view and some Back Benchers will disagree with their own Front-Bench team and with the Government Treasury Bench team on particular aspects. People should hold the Government to account, but all I ask is that when dealing with a situation this serious, where 9,000 people are deployed in a very dangerous environment, we should not pretend that we disagree about things that we do not disagree about.

Mr. Hugo Swire (East Devon) (Con): Can the Secretary of State tell us what proportion of the Pakistani army is facing India, as opposed to facing Afghanistan? When he was recently in Pakistan, what pressure did he bring to bear on the Pakistani Government to redeploy more of their assets to deal with the problem confronting us, particularly in the tribal areas?

Mr. Ainsworth: I did not go to Pakistan to lecture them on what they ought and ought not to be doing, and I do not think that that would be at all productive. If I thought that that was an appropriate way in which to deal with a proud and sovereign nation, I would do precisely that. We should recognise and applaud, as I do, what Pakistan has done in the past year or so. It has shifted resources and although, yes, Pakistan sees the Indian border as a threat and has forces based on that border that it is not prepared to move, it has shifted both its position and its forces. Its forces have confronted the insurgency in the Swat valley very effectively and are

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proposing, if they have not started already, to confront it in Waziristan. I received from Pakistani politicians and military leaders their clear recognition that the insurgency was a threat to them as well as to Afghanistan and to our forces based in Afghanistan. We need to work with them rather than thinking that we can lecture them in any way. I do not think that that would be appropriate or constructive.

Paul Flynn: I am extremely grateful to the Secretary of State, who is being extremely generous in giving way. In the light of his answer, in which he referred to "that region", will he confirm that three quarters of the terrorist threats to this country originated in Pakistan whereas the other quarter originated here in Britain, and that none of the terrorist threats originated in Afghanistan or from the Taliban?

Mr. Ainsworth: I accept that the majority of the threats have come from the other side of the border, but I ask my hon. Friend to accept what is self-evident to me. If our troops were not in Afghanistan, that would probably not be the case. A collapsed Afghanistan—that is almost definitely what would happen without our presence—would be a threat to Pakistan and a threat to us back in the United Kingdom. That is why we are there and the very fact that the majority of the threats do not come from Afghanistan is a tribute to the job that our people are doing in southern Afghanistan. I would have thought that that was self-evident.

I shall move on, if I may. We have had a hard summer. The commander of ISAF, General McChrystal, has said that the situation in Afghanistan is serious, and I agree, but General McChrystal has also said that there has been progress. That is evident in southern Afghanistan, where most of our forces are based. The inflow of thousands of additional US troops has enabled the Afghan Government to re-establish their authority in a number of towns in southern Helmand and has enabled ISAF's Regional Command South to take measures to reduce the Taliban threat to Kandahar. I want to take this opportunity to thank Major General de Kruif of the Netherlands for his leadership of RC South over the past year. I am sure that the House will join me in wishing his successor, Major General Nick Carter, well on his tour of duty, which is just starting.

Let me turn to UK forces specifically. The 19 Light Brigade has cleared insurgents from large areas of central Helmand and has spent a lot of time training and mentoring the Afghan security forces. Afghans were able to plan and provide the inner cordon of security around polling stations during a tense election period. The Afghan Government and security forces now have an increasingly permanent presence where it matters in Helmand—in the main population centres. Our recent operations have allowed civilian teams to start building schools, roads and clinics. What matters most is the support of the local population in the area secured this summer. This is the greatest evidence of success in a counter-insurgency operation. It is the Afghans who will ultimately consolidate success and we are committed to helping them to do so. It is a tough job, and progress can seem slow, but we have taken some essential steps in the right direction this summer and 11 Light Brigade will now take the job forward.

I think that the whole House should recognise the exemplary leadership that has been shown by Brigadier Tim Radford—I met him twice in theatre and I have met him twice since—during a most difficult deployment in Helmand over these past six months. He has done a fantastic job at showing leadership in those circumstances and we should recognise that and pay tribute to the marvellous job that he has done.

Mr. James Gray (North Wiltshire) (Con): The Secretary of State is quite right about the superb job that Brigadier Radford has done. I am glad to be able to tell the Secretary of State that Brigadier Radford has accepted the invitation of the all-party group on the Army to come to a reception on the Terrace of the House of Commons on 30 November. I hope that hon. Members who are present in the Chamber will join me then to thank him for the work that has been done.

Mr. Ainsworth: I thank the hon. Gentleman for arranging these opportunities for us to mix and to show our gratitude to the people who are serving our country in this way. I will certainly try to be there, unless there is something in my programme that is absolutely immovable.

Mr. Ellwood: The strategy that has been conducted up to now has been simplified as "clear, hold and build". The clearing and the holding took place in the Babaji area under Operation Panther's Claw. In our last debate, I asked the Secretary of State what will now happen to that area as regards reconstruction and stabilisation. He told me that they would go ahead but gave no details. In answer to a parliamentary question, I was told that the Department for International Development is paying for one road to be built through the area, which will be completed in 2013. Does he really feel that that is the sort of stabilisation, reconstruction and development that needs to take place? It does not match the efforts that our armed forces are putting in to clear the ground in the first place.

Mr. Ainsworth: The hon. Gentleman appears to want to deride everything that our people do in every circumstance, so I am not surprised by what he says. The "one road" that he mentions is a road between Lashkar Gar, the political capital of Helmand, and Gereshk, the economic capital, if you like, of Helmand. That is probably the most important road in the region, and the hon. Gentleman dismisses it as "one road".

As I have just said, there is now an opportunity—this work has already commenced—for schools and hospitals to be built as well as roads and for contacts to be made that offer opportunities for engagement between the Afghan Government and that huge centre of population as a result of the hard work and considerable sacrifice of our troops in Babaji over a period of time. The development piece is in there, right behind the front line, and if the hon. Gentleman asks people in theatre who have been part of this operation, they will tell him that. I hope that he does that, as that might curtail his carping to some degree.

The Prime Minister set out yesterday the priorities for the next stage of work being undertaken in Afghanistan. The security gains we have made in Afghanistan against the insurgency—and to prevent the return of terrorism—must be permanent gains. That is why we have to build

on the capacity of Afghanistan to maintain security. The more the Afghans can take responsibility for security, the less coalition forces will be needed in the long term and the sooner our troops can come home.

The UK has fully supported General Stanley McChrystal while he has conducted his strategic assessment. His thinking on delivery ties in closely with our national thinking. Many of the themes of the Government's strategy, published in April, have been developed by General McChrystal. We support his ambition to build the Afghan national army to 134,000 by October 2010. The new training centre that the Prime Minister mentioned yesterday is aimed at professionalising Afghan national army junior commanders, both officers and non-commissioned officers, up to the rank of major. The aim will be to train about 900 Afghans per month.

More Afghan troops are needed in Helmand. It is the centre of the insurgency and it is where the majority of the fighting is taking place. The Prime Minister announced yesterday the establishment of an Afghan corps headquarters in Helmand, and 215 corps of the Afghan army will take part in clear and hold operations in partnership with ISAF units. Together with the partnering strategy that the Prime Minister announced, that will allow the coalition to share the protection of the population centres cleared of the Taliban.

On UK troop numbers, in April we announced an uplift in force levels to 9,000 for the period of the Afghan elections. We also said that we would keep those force levels under review and make such adjustments as were necessary after the elections. I can confirm that we have agreed to maintain UK troop levels at the current level beyond the election period. I have placed before Parliament today the details of which additional units will be deployed as part of 11 Light Brigade to meet the new enduring baseline.

We have also agreed in principle a new force level of 9,500, to be put into effect subject to the following conditions: first, that the new Afghan Government demonstrate their commitment to operations in Helmand with an uplift in Afghan troops; secondly, that our commitment is part of an agreed approach and burden sharing across the coalition and, thirdly, that military commanders are satisfied that the extra troops are properly equipped for what they are being asked to do.

Our troop numbers have therefore increased from just over 8,000 in the early spring of this year to 9,000 on an enduring basis today, with a further proposed increase to 9,500 provided that those conditions are met. In all, that will represent a troop uplift of around 1,500 in a little over six months.

The hon. Member for Billericay (Mr. Baron) talked about the number of troops that were needed in Northern Ireland, but he needs to take into account the fact that, as well as our troops, there are also large numbers of American forces in Helmand now. In addition, we have to grow the Afghan national army, which we can do most quickly through partnering. In that way, the Afghans will be the people providing the boots on the ground, and not us alone. We are part of a coalition, and the Afghan Government must be part of it too.

Mr. Baron: I appreciate the Secretary of State's generosity in giving way, but there is a growing body of opinion, including in the military, that a substantial increase in troops is needed if we are to do the job properly. As Brigadier Butler has said, we either go long, or we go deep, or we go home. The comparisons with Northern Ireland still stand, because there is a continuing acute shortage of troops and equipment, especially helicopters.

I ask the Secretary of State to re-examine that point. I do not want to go over old war stories but, when I was a platoon commander in Crossmaglen, we did not go anywhere without being airlifted. That is not the case in many areas in Helmand province. It is not just a question of a substantial increase in troops, because we are still short of equipment. Unless we re-examine the situation, we are putting troops' lives unnecessarily at risk.

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. May I say that it would be helpful if interventions could be curbed in length? There is a long list of hon. Members seeking to catch my eye, and I would hope to make the debate as inclusive as possible.

Mr. Ainsworth: Thank you, Mr. Deputy Speaker. All I would say to the hon. Member for Billericay is that we are part of a coalition. A huge uplift in troop numbers—from 73,000 to 102,000—was already agreed ahead of General McChrystal's proposals and ahead of the offer that we have just made, based on the conditions that I set out. Moreover, the hon. Gentleman must not forget our commitment to grow the Afghan national army to 134,000 by the autumn of next year.

Dr. Liam Fox (Woodspring) (Con): In answer to a question in the House of Lords yesterday, Baroness Royall said that

"it is the case that if the conditions cannot be met it must mean that the 500 extra troops will not be going to Afghanistan: that is the clear outcome."—[*Official Report, House of Lords*, 14 October 2009; Vol. 713, c. 238.]

Mr. Ainsworth: I am hopeful that we will be able to meet the conditions in a relatively short period of time, but Baroness Royall is absolutely correct that we have to be satisfied about the balance of risk that the hon. Member for Billericay has identified. We have to make sure that the extra troops have all that they need to do the task asked of them, that our allies across the coalition also make a contribution, and that the American response to General McChrystal is clarified. Most important of all is the need for the Afghans to recognise the importance of Helmand. They must see that the province is the priority for their uplifted troop numbers: we need more Afghan troops as our partners in Helmand. We cannot do the job alone, and have no desire to do so. We have to build their capacity, and they have to be prepared to be a partner in that.

Dr. Fox: I am extremely grateful to the Secretary of State for giving way again, and it is very helpful for the House to know this. What scale of increase in the activity of our coalition partners would be needed for the Government's definition of the conditions to be met?

Mr. Ainsworth: I do not think that we will be prescriptive in that regard, but we need to have a discussion with all our partners. There is a NATO ministerial meeting next weekend, and the American process remains to be completed. However, I am hopeful that we can get to a

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position where we can accept that the conditions have been met, and that we can therefore agree to the troop uplift, in a relatively short period of time. However, I do not want to talk about any specific number of days or weeks.

Mr. James Arbuthnot (North-East Hampshire) (Con): What does the second condition—that there should be an agreed approach to burden sharing within the coalition—actually mean? We have been there for the past eight years and have not achieved such an agreement. Why does the Secretary of State think that we might get one in the foreseeable future—that is, in months or years?

Mr. Ainsworth: We have got agreements, but they have changed over time and the commitment of many nations has gone up. As the right hon. Gentleman knows, the commitment of one or two of our NATO allies is likely to go down, but we have to have those discussions. There has been development over time. I know that it is widely thought in this country that only ourselves and the Americans are playing our part, and that the contribution from other nations is relatively small. However, a lot of nations are making a considerable contribution: we would like them to make more, because there is no doubt that the UK is making far and away the second largest contribution to the operation. We are entitled to say to NATO allies that burden sharing is important. Some of them could do more, as we all know. We have to put them in a position where we can ask them to do so.

Mr. Peter Bone (Wellingborough) (Con): My hon. Friend the Member for Billericay (Mr. Baron) spoke about the need for helicopters. Yesterday, the Prime Minister said that there would be more Chinooks, but he did not say how many and when. Is the Secretary of State able to say now how many there will be, and when they will come?

Mr. Ainsworth: I shall come on to equipment very shortly in my speech.

Nothing can eliminate completely the dangers of the battlefield. The nature of the mission in Afghanistan—a counter-insurgency campaign among the people—means that our forces need to get out of the Chinooks and the Mastiffs and engage with people. As long as they are providing security for the people of Helmand in the face of an insurgency they will be in harm's way, and we have to expect further casualties.

Because of our successes against them, the Taliban-led insurgents are relying heavily on attacks using improvised explosive devices. These are responsible for the majority of UK casualties and are taking a heavy toll on civilians as well. Tackling this threat is our priority and we are doing all that we can to minimise the risks to our forces while they do the job that they need to do.

It is always a challenge to balance the need to send new kit to the frontline as soon as possible with providing the best possible equipment for training purposes. We have deployed more specialist counter-IED troops to find and defuse mines and to identify and target the networks that lay them. We are continuing to invest in our intelligence, surveillance, target acquisition and reconnaissance capabilities to provide vital real-time intelligence to track and target bomb makers. In addition to the surveillance capability in theatre from Sea King and airborne stand-off radar, we will increase flying hours in our unmanned aerial vehicle fleet by 33 per cent. for Hermes and 50 per cent. for Desert Hawk by the end of this year, and by 80 per cent. for Reaper next year.

We have approved over £3.2 billion of urgent operational requirements specifically for Afghanistan, some 70 per cent. of which has been for force protection. We will ensure that support systems are robust, that spares are available in theatre when they are needed and that sufficient equipment will be in place to conduct pre-deployment training.

On vehicles, in the past three years, we have approved £1.2 billion for new vehicles for Afghanistan. Over the past 12 months alone, we have procured 500 protected mobility vehicles and several hundred more are on contract. For the new Mastiff 2 and Ridgback, an advance stock of spares will be issued to theatre and stocks will continue to be monitored to support the current tempo of operations.

Compared with November 2006, by May next year we will have doubled the number of battlefield helicopters and increased the flying hours by 130 per cent. That will include the deployment of the Merlin fleet to Afghanistan for the first time after its service in Iraq.

Mr. Gerald Howarth (Aldershot) (Con): The Secretary of State mentions the availability of equipment for pre-deployment training. He will know that the Welsh Guards, based in my constituency, have just returned, and they tell me that one of their difficulties is that there were no Mastiffs and other armoured vehicles on which to train in the United Kingdom. That has led to difficulties with on-the-job training in theatre and a lack of skills in maintaining the vehicles—hence the fact that there have been breakdowns and so on. Now that he has ordered all those additional vehicles, is he satisfied that sufficient vehicles are available in the United Kingdom to undertake pre-deployment training?

Mr. Ainsworth: There is no doubt that there is a problem with spares for Mastiff 1, but we got Mastiff 1 into theatre in record time. We have systems in place to ensure that such problems do not arise with Mastiff 2 or Ridgback, and we must provide kit and equipment for pre-deployment training. That is why I sometimes get riled when people say that we have helicopters in Hampshire rather than Helmand. We have helicopter crews in Hampshire as well as Helmand. They have to recuperate; they have to train—we cannot send them out to Afghanistan and keep them there—and we must have the kit and equipment back here at home to enable them to do so. So, yes, of course, the top priority is to deal with the theatre—the theatre has to come first, does it not?—but training is an important part, and providing the necessary equipment for training must come a very close second.

Mr. Julian Brazier (Canterbury) (Con): So why do we not use more reserve aircrews, particularly for helicopters, as the Americans do? The fact that we currently have one reservist Apache pilot—oddly enough, a Royal

Naval Reserve officer—out in Helmand shows that reservists can meet a range of such requirements, and plenty of people who work in the civilian helicopter world are ex-service pilots.

Mr. Ainsworth: The hon. Gentleman knows that I have allowed him to beat up certain people in the MOD over a period to put his point of view that there are ways in which we can get more helicopter crews into the roulement, and any ideas that he has are always welcome, as they are from any other quarter of the House.

Paul Flynn: Can my right hon. Friend explain the circumstances in which we blew up two of our own Chinook helicopters? I understand that they had been lightly damaged—one from a hard landing, and the other by being attacked by gunfire, not by a surface-to-air missile. Why could we not guard those helicopters in time, so that they could be removed to a safe place or repaired? What does it say for security if we had to destroy two helicopters worth £40 million, because we could not guard them until repairs arrived?

Mr. Ainsworth: The helicopters came down in the Helmand valley, well away from patrol bases, and a judgment must be made by people whose lives are on the line, not by us here in the House of Commons, about the balance of risk between destroying equipment to prevent it from falling into the hands of the enemy and taking risk to preserve it. We must accept that we are not in a position to make those judgments. Those are dangerous environments, and we must support our armed forces in making those judgments and back them up when they do so. If that costs us equipment, it costs us equipment.

Mr. Baron: May I bring the Secretary of State back to the equipment increases with regard to trying to guard against IEDs and so on? Although I very much welcome the news that more equipment is being sent out, to many people, that feels like playing catch-up. For example, the statistics show that something like 30 per cent. of American casualties are caused by IEDs, but the figure for British forces is much higher, at about 50 per cent. How does he account for that?

Mr. Ainsworth: A measure of the respect that we should show for our armed forces is that our people are holding down the main centres of population in the Helmand valley, which is the centre of the insurgency—a well embedded insurgency. Therefore, they are taking on the enemy where it is strongest, and we are suffering casualties—far, far more than makes any of us in any way comfortable—but new kit and equipment is going out, in terms not only of quantity, but new technology. I hope that the House will understand that I do not want to go into the detail of what we can and cannot do, but no effort is being spared in trying to develop new ways and means to find and attack the devices. There is a huge increase in the number of devices that we are finding before they explode, but the main thing is to tackle the networks that are putting them in place. That involves surveillance, intelligence and other capabilities.

Mr. Nicholas Soames (Mid-Sussex) (Con): I understand very well the difficulties that the Secretary of State is talking about. Does he agree that, inevitably, there will be casualties in a war of this type, deeply regrettable and tragic though they are, and that domination of the ground cannot be achieved from the inside of a vehicle or helicopter? It is absolutely fundamental that there is no substitute for adequate boots on the ground. On what my hon. Friends say about troop numbers, what the right hon. Gentleman was told in the theatre capability review that he received earlier in the year was that many more troops are required on the ground.

Mr. Ainsworth: Many more troops are required on the ground. That is what General McChrystal is looking at now. We cannot do that alone; we are part of a coalition. We are providing less than 10 per cent. of the foreign forces in Afghanistan. That has to come from others, and overwhelmingly, it has to be Afghanistan. If people are saying that more of our troops were required before now, that is not the case. Requests were looked at, but they were not looked at in terms of immediate requirements. Those requests have been met, and I think that the hon. Gentleman will find that the chiefs of staff are happy that we have got the right response to their requests.

Mr. Swire: Many hon. Members have seen at first hand the extraordinary role being performed by the Territorial Army and our reserve forces, which is indistinguishable from the role being played in Helmand by our regular forces. Some of us cannot understand what is going on with the Government's freeze on training and pay over the next six months, as it seems entirely to contradict what the Secretary of State has been telling the House of late. Will he take this opportunity to clarify the Government's position on the future of our reserve forces?

Mr. Ainsworth: Let me come to the Territorial Army; I will not try to avoid doing so in any way.

Mr. Alan Reid (Argyll and Bute) (LD): In answering questions from my right hon. Friend the Member for Sheffield, Hallam (Mr. Clegg) yesterday, the Prime Minister said:

"there is an issue about small vehicles... We will do everything that we can to ensure that there are better vehicles in future."—[*Official Report*, 14 October 2009; Vol. 497, c. 309.]

Will the Secretary of State give a commitment on the number of better vehicles that will be delivered and a time scale for their delivery?

Mr. Ainsworth: The hon. Gentleman is absolutely right. The basic problem is that we have supplied vehicles, such as Mastiff, which provide a huge protection against mines, but they cannot be used in many circumstances and our troops have to use smaller vehicles. We have upgraded Snatch to Snatch Vixen, which has a far higher level of armour, but it still can be overpowered. Any vehicle can be overpowered, including a Challenger tank, if people want to put enough explosive into a device. But, we are looking at improving the range all the time. Snatch Vixen is not as good as we can get, and we are now looking at new vehicles that could fulfil the role that we have asked of Snatch Vixen, so that we have smaller and highly capable vehicles that are at the front end of technological development.

Despite the continued real-terms increases, pressures on the defence budget are well documented. Additional spending on operations in Afghanistan has risen to

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reflect the situation, from £700 million in 2006 to more than £3 billion this year, and that is on top of a defence budget of more than £35 billion a year. We are adjusting the core defence budget to reprioritise Afghanistan, and that means some tough choices: for example, we have cancelled some Territorial Army training that is not related to Afghanistan. Let me assure the House that no individual deploying to Afghanistan does so without the required training: no TA soldier will be deployed on operations unless the Army is satisfied that he is properly trained and properly prepared. Those deploying over the next year will of course continue to be paid for the training that they do, as well as for the deployment. That is what making Afghanistan the main effort means, and I make no apology—no apology at all—for moving resources in that direction. That means that pain has to be taken elsewhere, but Afghanistan, with 9,000 people in theatre, has to be the main effort. I have the agreement of the chiefs of staff that that should be so, and we are looking at the degree to which it means that we prioritise resources in the direction of Afghanistan, but, as I have said, I make no apology to the House for doing so.

Mr. Ellwood: I am grateful to the Secretary of State. I think that there are more things on which we agree than disagree and fully support the funding for our armed forces. We disagree about the role of the Department for International Development behind the armed forces, and that is the issue that frustrates people on the ground. I am informed of what goes on there: the company in which I served, 2nd Battalion The Rifles, has just come back, and that is where I get my information. The Secretary of State just said that spending for the armed forces is more than £3 billion, and that is brilliant; according to an answer I received to a parliamentary question about DFID spending, for that Department, spending is £127 million. DFID has £127 million for reconstruction; the armed forces have £3 billion. The two just do not go hand in hand. How can we possibly win over people's hearts and minds when we cannot take advantage of the umbrella of security that our armed forces work so hard to gain?

Mr. Ainsworth: The British development in Afghanistan amounts to £510 million over four years, and there is USAID on top of that. Building the Afghan Government's capacity and giving hope to the Afghan people is an important part of the process. I accept and understand that troops, who are fighting hard in very difficult circumstances, tend to look to others and want them to do the absolute maximum to capitalise on the situation that they have managed to achieve, but I ask the hon. Gentleman to look at the situation in Afghanistan. Our capability in Helmand province is pretty joined up, with a 2-star civilian working alongside the brigadier as a team, and alongside Governor Mangal, who has been an excellent governor. Our whole military effort is not a stand-alone military effort, but a comprehensive programme, looking at what gets done when, making sure that the military do not run away from others' ability to keep up, and trying to plan the effort in a co-ordinated way. Of course it is not perfect; it never will be, but I think that that effort has improved and improved substantially.

Mr. Nigel Dodds (Belfast, North) (DUP) *rose—*

Mr. Gray *rose—*

Mr. Brazier *rose—*

Mr. Ainsworth: I shall give way to the hon. Member for Belfast, North (Mr. Dodds), to whom I have not given way yet, and then I shall give way to the others.

Mr. Dodds: I thank the Secretary of State for giving way so often. On the issue of the Territorial Army and the freeze on training, I should say that more than 1,000 members of the Territorial Army from Northern Ireland are on operational deployment, which is a very high proportion, and there is real concern about what will happen to preparation for Afghanistan over the next six months. Is he saying that anyone going to Afghanistan will be trained and paid? We need to have clarification about that, because there is great concern.

Mr. Ainsworth: I did the Territorials review, so I have become acquainted with a lot of people in the House who know an awful lot about the Territorial Army and have a close attachment to it. I know that doing anything with the Territorial Army, brings down a storm on yourself, but I have talked to the new Chief of the General Staff about the situation—

Mr. Brazier: He is a regular.

Mr. Ainsworth: "He is a regular and therefore cannot be trusted"?—I think that we have to guard against that! I have said to him that I know he is a regular, and I have got my eye on him, but he is running the Army and appears to be a pretty competent guy. I have to take some advice about his priority, and I agreed with him and the other chiefs some weeks ago that we had to make Afghanistan the main effort. It means that we cannot drop everything else, and no way should we, but there must be a degree of priority for Afghanistan. Everyone is agreed on that, and hard consequences flow from it.

Mr. Gray: No one would disagree with the Secretary of State about the main effort being centred on Afghanistan, but, to use an example of the situation that we face, I cite the Honourable Artillery Company, my regiment, which has 11 soldiers deployed in Afghanistan, has made regular contributions over the past eight years and, presumably, will wish to do so in the future. The company's commanding officer told the regiment last night that ordinary regular training has been effectively cancelled, and its recruits' corps training has, too, so there will be no training in the regiment. Six months from now, will the Honourable Artillery Company still be able to provide the support that it has given to our efforts in Afghanistan over the past eight years? I, for one, very much doubt that it will.

Mr. Ainsworth: I can only promise the House that, as we take these difficult decisions about prioritisation and the amount of resource that we shift, I shall be very mindful to ensure that we do the minimum damage elsewhere while making certain that we give the appropriate priority to Afghanistan. I know that among those taking the decisions there are regulars who many Members suspect of not having sufficient feeling for the contribution of the Territorials, so I shall bear that in mind as well.

Mr. Brazier: The Secretary of State has been generous in giving way, and he has taken a long-term interest in reserves, for which I am particularly grateful. However, I really do urge him to bear in mind that, however professional our regular forces are, they have a very long history of not understanding how the reserves work. To cancel all training for the next six months for everybody except the relatively small number of people who have immediate call-out papers for Afghanistan will devastate the Territorial Army and completely attenuate its ability to provide forces for the future.

Mr. Ainsworth: I hear what the hon. Gentleman says and know that he says it with conviction, but I can only repeat the assurance that I have: as we go forward and try to ensure that we properly prioritise our operations in Afghanistan to the degree that the nation would expect, we are also mindful of the issues that he has raised.

Dr. Andrew Murrison (Westbury) (Con): Does the Secretary of State understand that such hibernation of skills—of the sort that the Public Accounts Committee's report on support for high-intensity operations highlighted—may be accommodated in the regular forces, although the impact on our generic war-fighting capability would be severe enough, but cannot be accommodated in the reserve forces? Reserves will simply walk: training is what they do, and it holds them in. Does he not understand that this decision will be a huge blow to morale, and that reserve forces, on whom we depend so much, are likely simply to fade away?

Mr. Ainsworth: I understand the hon. Gentleman's point, but I believe that, within the priorities that we have had to make, that decision had to be taken. We carried out the reserves review, but I understand the importance of the offer—we are talking about volunteers, and we have to make sure that we maintain the commitment of volunteers, otherwise we will lose them. I fully understand that point.

Dr. Julian Lewis (New Forest, East) (Con): The information that I have, which I believe to be accurate, is that the reason for the cut in funding for the Territorial Army is that Regular Army recruitment has exceeded expectation and that funds have to be found somewhere in the land budget to pay for the training of that extra recruitment. Is that true? If it is not, why is the decision on the cut in TA funding being taken so late in the year?

Mr. Ainsworth: No one—neither my predecessor nor I—has tried, in the circumstances that we have faced, to discourage the recruitment opportunity that the Army has had. Yes, of course there are financial circumstances. Recruitment to the Regular Army has been so successful over a period of time. I do not think that Conservative Front Benchers would, on reflection, have taken another decision; if they had been in the position of my predecessor or me at various points of this year, I do not think that they would have said no. When the opportunity and need were there, recruitment was allowed to progress. That is the priority, and it is also the Chief of the General Staff's priority.

Mr. Arbuthnot: By and large, there is cross-party agreement in the House about the priorities for what we devote to defence and about the priorities within defence. However, the Government have taken two profoundly wrong decisions. The first was to reduce spending on research and technology. The second was to cut funding to the reserves. That is profoundly wrong, and it will have long-term consequences for the armed forces.

Mr. Ainsworth: As I have said, we have to try to be mindful of permanent damage to our reserves and of protecting our research and development. We cannot completely sell tomorrow to pay for today. However, today is the pressing need. Afghanistan has to be the main effort and I do not think that any Conservative Member genuinely disagrees with that in principle.

Mr. Swire: I pay tribute to the fantastic work being done by the medics at Camp Bastion, where our wounded are receiving first-class treatment. A lot of the medical staff there are reservists themselves. Is the Secretary of State absolutely certain that the effective freeze on TA training and recruitment will not endanger the services that we will be able to offer in future to our wounded at Camp Bastion?

Mr. Ainsworth: I am certain that those facilities will not be put at risk in any way, and I will continue to satisfy myself on that point. I know the huge contribution that reserves play in medical services. It varies with deployments, but generally speaking it involves a high proportion.

Mr. Angus MacNeil (Na h-Eileanan an Iar) (SNP): I am informed that the Scottish battalions have to find £4 million of cuts over a two-week period. Does the Secretary of State not feel that we are spoiling the ship for a ha'porth of tar? Will not the soldiers and reservists walk out, so that they will not be there to call on in future?

Mr. Ainsworth: I do not think that they will. I hope that they do not and that the hon. Gentleman does not encourage them to do so. I do not think that he can credibly argue against the idea that Afghanistan should be the main effort.

Providing battle-winning kit to our front-line forces is vital, both for success on current operations and the delivery of longer-term military capability. I am publishing today a detailed and thought-provoking report by Bernard Gray on defence acquisition. I apologise again for the fact that my Opposition counterparts have had the report for only a short time; I would have wanted them to have had it for longer. The report, however, is now in the public domain. It has been published as people wanted it to be, and we can now use it to examine how we should go forward.

My predecessor and the MOD asked Mr. Gray for a thorough and frank review, and that is what he has delivered. I am very grateful to him for the time and effort that I know he has personally devoted to the task. The report acknowledges the commitment of our people, our long-standing commitment to reform and the progress that we have made. It has also put into perspective some of the very real difficulties that we—and, indeed, all countries—face in this area.

The simple fact is that providing the world-class equipment that our forces deserve involves significant technological and other challenges. The report points the way to dealing with those challenges, recognising that cost and time pressures on individual projects are, and will remain, a fact of life. We do not agree with everything in the report, but we do accept most of the

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recommendations, particularly its two central themes. The first is that we need to bring the equipment programme into balance with the likely resources, and the second is that we need to improve its management and delivery. Today I have set before Parliament an eight-point plan, building on earlier reform, to improve performance radically. Implementation has already begun, and Lord Drayson is leading the work in the Department. We will publish an overarching strategy for acquisition reform in the new year. In going forward, we will work to adjust our equipment programme to bring it into balance with future requirements and resources through the current planning round and, in due course, the strategic defence review that I announced in the summer.

I turn to that review. In July, I set in train the process leading to a formal defence review after the election next year. All parties have agreed to the need for a new review. The strategic defence review of 1998 helped our armed forces to move beyond the legacy of the cold war and to configure for recent operations. The pace of change since 1998 has been considerable. We have built on the strategic defence review, not least with the new chapter in 2002, which helped to reflect the immediate implications of the 9/11 terrorist attacks. Although some aspects of the strategic defence review endure, some have now been overtaken by events. Among others, the notion of "fast in, fast out" has had a much more limited application than was thought likely at the time. In the future, the need to maintain campaign continuity over long periods will have to be written into strategy, doctrine and organisation.

In a speech in September, I set out some of the Department's initial thinking about how global trends will develop, including the character of warfare in which the UK may find herself engaged. I hope that the Green Paper will stimulate a public debate about Britain's role in the world and the shape of the forces that we will need to fulfil our commitments. Going forward, our defence forces will have to balance competing requirements—the need to maintain credibility in the primary role as the ultimate guarantor of territorial integrity and the ability to engage abroad at differing levels of intensity, preventing and resolving conflicts in order to protect national security.

The national security strategy, updated this year, sets out the global nature of the threats that we face. In my view, UK security and national interests are underpinned by the ability to project power; the timely application of soft power and conflict prevention should remain a high priority. But when they fail, it is better to deal with threats at a distance; an expeditionary approach, as set out in the strategic defence review, remains valid. I believe that there is a general consensus in the House for such a forward defence posture.

Mr. Ian Davidson (Glasgow, South-West) (Lab/Co-op) *rose*—

Mr. Ainsworth: I shall give way to my hon. Friend, so that he can tell me how many aircraft carriers he thinks should be built.

Mr. Davidson: Would the Minister like to confirm that the two aircraft carriers that have been ordered will be proceeded with, and will he consider building me a third?

Mr. Ainsworth: That is an improvement, as the last time I spoke my hon. Friend wanted five—to span the Firth of Forth as a mobile bridge. I do not think he wanted them used for anything else other than to provide jobs on the Clyde, but he has now come down to three. Yes, it is our intention to continue with the two aircraft carriers, but not the third.

Mr. Brian Jenkins (Tamworth) (Lab): In the course of the defence review we shall take a lot of evidence about the demands on our forces, but will my right hon. Friend put as much emphasis on supply in the configuration of the armed forces to ensure that the outcome is that we have armed forces fit for the 21st century rather than the 19th?

Mr. Ainsworth: We will certainly try to draw these issues out in the Green Paper. I do not think that in any defence review we can concentrate solely on equipment issues. We have to consider the people issues and the sustainability of the force. The costs of the people need to be properly examined alongside the costs of the equipment. We need to do as rounded a job as we can in order to try to inform that strategic defence review, which, as I say, all parties are committed to. I hope that we can do that constructively. I am enormously pleased that the other two main parties have agreed to participate in the defence advisory forum—that gives strength to the process.

In terms of defence as a whole, the pace of change that we are facing means that we will need to learn the lessons of operations and effect change more quickly, from training to procurement, from operational tactics to overarching doctrine.

Our armed forces do a difficult job, often in difficult circumstances, but always with outstanding commitment, professionalism and bravery. I am sure that all those in the House will agree that we owe them our gratitude and our thanks, but more than that, we owe them the best support that we can give them, not just now but on an enduring basis.

Several hon. Members *rose*

Mr. Deputy Speaker: Order. Before I call the hon. Member for Woodspring (Dr. Fox), let me observe to the House that the opening speech has been one of great length, which is a consequence partly of the material that the Secretary of State wanted to put before the House, but also of the very large number of interventions from Back-Bench Members, and that will affect the available amount of time. In the 57th minute of his speech, the Secretary of State referred to the Gray report, which had been the subject of exchanges earlier on. Unless the reactions to that form part of the main material of the debate, I think that Mr. Speaker would bear in mind that if the House did not feel satisfied with the opportunities for exchanges on it, he might well be minded to allow further opportunities for it to be discussed.

1.32 pm

Dr. Liam Fox (Woodspring) (Con): Mr. Deputy Speaker, I am very aware from your previous record of how your gentle hints are firm instructions to the Front Bench.

Once again, let me echo the Secretary of State's comments about the sacrifices made in life and limb by our armed forces, particularly in Afghanistan. As a country, we are indeed fortunate that we have those in our society willing to volunteer to risk their own safety for our safety and security; and as a country, sometimes we would be wiser to count our blessings more often than we do.

Three events dominate today's defence debate. The first is Afghanistan, which we all agree must be the priority on which I imagine most hon. Members will want to focus. Secondly, there is the Gray report, which we should not be spending time on in this particular debate because hon. Members have not had a chance to read its 296 pages. In fairness to the Secretary of State, it is fairly well known in Whitehall that the MOD wanted to publish that report but No. 10 very much did not want to do so; anyone who has had a glance at it can quickly see why. We need a separate statement on that. Following its somewhat disastrous appearance in the public domain, I note that the Defence Board minutes of 9 July say that

"the Department needed a good communication strategy to manage the eventual release of the report into the public domain."

Well done on that one! The third issue is the TA and the severe, utterly inexplicable cuts to regular training, and what that tells us about the Government's priorities.

Over the past three years, the Conservative party has called on the Government to accept our proposals for regular quarterly reports to Parliament on our objectives in Afghanistan, the benchmarks by which progress is measured, and the success or otherwise in meeting those objectives and benchmarks. We still do not have that. Nevertheless we welcomed yesterday's statement by the Prime Minister on Afghanistan and Pakistan.

However, many questions remain unanswered, even after the Secretary of State's speech. The first concerns conditionality. My understanding, and I think that of the House yesterday, was that there were essentially three reasons why we were sending a greater force to Helmand: to augment and support the mission; to increase the protection and safety of our forces; and to increase the speed of training of the Afghan national army. If all those are necessary in themselves, why apply the conditions that the Government have set out? If commanders say that they need these troops now, but the Government's conditions are not met for several weeks to come, are not the Government, even by their own arguments, putting our troops in increased danger by failing to supply them with what they want? We must be much clearer about what the conditions are and how long the Government would wait for them to be fulfilled. That was not clear from the Secretary of State's remarks; I hope that the Minister of State can make it clearer when he winds up. Perhaps he can also clarify, because we do not yet have this information before us, exactly where the extra 500 troops are coming from and what their mission will be in Helmand. Will it be mainly combat ops, training the Afghan national security forces, counter-IED operations, or a combination of those? We need clarity, because there are still too many uncertainties.

In December 2008, the Prime Minister announced "a temporary, until August" increase from 8,000 to 8,300 troops to Afghanistan. Those troops were sent from the theatre reserve in Cyprus. Are they still in Afghanistan? In April this year, as the Secretary of State said, the Prime Minister announced a further increase from 8,300 to 9,000 troops "until the autumn" to increase the security of the Afghan presidential elections. Yesterday, the Prime Minister justified this slightly differently when he said that we had

"decided to raise the number of troops from 8,100 to 9,000 until we could see what was happening with the American review of strategy".—[*Official Report*, 14 October 2009; Vol. 497, c. 307.]

These are not the same things. We need to have absolute clarity on the Government's thinking. Are the extra 1,000 troops sent since last December going to be made part of the permanent establishment figure? Finally on troop numbers, the Prime Minister alluded to the fact that 500 troops normally based in Kandahar as an RC South reserve force will be permanently shifted to Helmand province. While that would be welcomed in Helmand, who is replacing the reserve capability in Kandahar? Will a coalition partner fill this role or will it be left unfilled? The House will expect an answer from the Minister of State.

We all know that we are waiting for the outcome of President Obama's decision on how the way ahead for strategy in Afghanistan will be affected by General McChrystal's review. Regardless of the outcome, General McChrystal deserves credit for producing a rich and vibrant debate about Afghanistan policy in recent times. Anyone who was fortunate enough to hear his speech at the International Institute for Strategic Studies will know what a rare treat that was; if only politicians could speak with similar clarity on most occasions. His assessment comprised a very telling document, but one of its most important sentences went largely unreported:

"Inadequate resources will likely result in failure. However, without a new strategy, the mission should not be resourced."

We can talk about more troops, more helicopters and more armoured vehicles, but without a new strategy additional troops and resources will have only a short-term and localised effect. They can win the tactical battle, and they can buy politicians' time, but ultimately unless something fills the gap they have created, their sacrifices and efforts risk being in vain. The surge worked in Iraq because it was fundamentally more than just an increase in troops. It was part of a bigger solution, designed to suit conditions on the ground and built around a revitalised political process that included the re-engagement of the Sunni minority. To secure this result, we will need a sound political plan moving alongside any military plan, because a sound political strategy will help to undermine the insurgency. We await the decision by President Obama.

It is vital that we maintain the public's understanding and trust if we are to have the will and resilience to see through the mission in Afghanistan. We must set realistic goals and expectations to avoid disappointment at home and abroad. A comprehensive strategy for Afghanistan must include clear, tightly drawn, realistic objectives that are regularly reviewed; more rapid development of the Afghan security forces, as the Secretary of State said; and ensuring that the gains won by our forces on the battlefield are swiftly followed by reconstruction, which is all too often far too tardy, as my hon. Friend the Member for Bournemouth, East (Mr. Ellwood) mentioned.

In the early days after 9/11, there were two main objectives in Afghanistan: to deny al-Qaeda safe haven to plan, train and launch terrorist attacks on a global

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scale, and to remove the Taliban regime from power as punishment for not co-operating with the international community and for harbouring terrorism. Both were accomplished with relative speed, but the subsequent picture has been much less successful. There have been vague notions of state building and reconstruction built on UN millennium goals, and a plethora of strategies. People often say that there was no real strategy in Afghanistan, but the problem is that there have been too many. We have had an EU strategy, an American strategy, a UK strategy, an Afghan strategy, a NATO strategy, a World Bank strategy and multiple non-governmental organisation strategies, none of which were exactly the same. That is why we now require great clarity in what the President of the United States is soon to announce.

Because of all that, our inability to produce tangible and achievable results after eight years has disappointed public opinion at home and frustrated those in Afghanistan who are finding it difficult to build on the ground. Public disillusionment with the mission in Afghanistan is exacerbated by the Government's repeated failure clearly to define our objectives in national security terms, and by the widespread belief that our forces have not been fully resourced. The Government have too often failed to explain what Afghanistan means in a broader geopolitical context, and I was pleased that the Secretary of State started to do that more clearly today.

The consequences of failure in Afghanistan are relatively easy to elucidate. First, were we to leave Afghanistan prematurely, by which I mean on a timetable not of our own choosing, it would be a shot in the arm for every jihadist around the world. It would send out a signal that we did not have the moral fortitude to see through what we believe to be an essential matter of our own national security. The impact would be felt beyond the Hindu Kush and the Durand line, extending across the region into the middle east and north Africa in one direction and south-east Asia in the other. We in this country should be under no illusions that were we to fail on those terms, it would also fuel latent fundamentalist sentiment within our own borders and in other European countries, imposing even greater burdens on our domestic intelligence and security forces. The public need to understand what the cost of failure would be, so that they are willing to invest in the price of victory.

Secondly, failure in Afghanistan would suggest that NATO, in its first major challenge overseas to combat terrorism, did not have what it takes to see a difficult challenge through. Again, we should be under no illusions that that would be deeply damaging, if not catastrophic, for NATO's cohesion and credibility. The Secretary of State alluded to the reduced and sometimes falling contribution of some of our European partners. The European members of NATO that are failing to engage in proper burden-sharing in Afghanistan might like to reflect on what the collapse of NATO might ultimately mean for their own regional and global security.

If we can clearly describe failure, can we describe success? Describing to the British public what we mean by winning in Afghanistan will be crucial in maintaining public support. Success in Afghanistan will be achieved when we have a stable enough Afghanistan, exercising its own sovereignty and able to manage its own internal and external security to a degree that stops interference from outside powers and allows the country to resist the establishment of the terror bases and terror camps that went before. We should not try to apply Jeffersonian principles to what was effectively a broken, 15th-century state. There are noble ideas for development, human rights and democracy, but they are complementary to our military mission, not the same as it. We must not try to justify one by the other.

To achieve the objective of security in Afghanistan today, as General McChrystal set out, we need a counter-insurgency strategy to prevent the future need for a counter-terrorism strategy. It has to begin with the security and safety of the people in Afghanistan itself. Some 80 per cent. of the civilian deaths in Afghanistan are a direct result of Taliban activity. We need to build the trust and support of the people of Afghanistan by giving them the protection that we promised them but which the coalition has as yet failed to deliver. Only when we have their trust can we get the military success that we seek.

As has been said on many occasions, in a counter-insurgency a defection is better than a surrender, a surrender is better than a capture, and a capture is better than a kill. That is why General McChrystal's assessment is so accurate. Any strategy in Afghanistan needs to include renewed and serious focus on reconciliation and reintegration with certain elements of the insurgency. The Taliban are not a homogenous group, and we have to understand the subtleties of what we are dealing with in Afghanistan.

As has been pointed out, and as the Secretary of State alluded to, part of the political process of improving governance will be to deal with those in what we call the Taliban who are reconcilable to the aims of the Afghan Government and the international community, even those who have fought against us in the past. However, we must not put on rose-tinted spectacles, and we have to recognise that some will remain irreconcilable, and the only way to deal with them will be in military terms and by military means. There will be no easy answer for those who are irreconcilable to who we are, what we stand for and the value system that we represent. As General Sir Graeme Lamb, who is now working as an adviser to General McChrystal, said recently:

> "We need to take a good look at the people we consider to be our enemies...They have anger and grievances which have not been addressed. The better life they expected has not materialised; these are the people we must talk to, but we must make sure we have something to offer them."

We also need to explore the idea of using auxiliary forces in Helmand province in support of our counter-insurgency operations. Since security is the definition of success, the sooner we get the Afghan security forces trained and on the front line, the faster we can bring our own troops home. That is why it is such a sensible investment to increase the number of British troops, to speed up the training of the Afghan national army. However, we need to remember that the ANA is a national, not provincial, army. It is recruited from across Afghanistan and from all ethnic groups. We need to make it clear that more British troops for training the ANA does not automatically translate into more ANA troops being sent to Helmand to fight alongside British troops, as they will have national responsibilities to carry out.

Consequently, when, where and if possible, we need in Helmand seriously to start exploring ways of forming and utilising local auxiliary forces. Auxiliary forces bring local knowledge and ownership to local security, which foreign troops will never be able to do. As Ministers know, there is already a pilot programme in Wardak province. If possible, a similar programme in Helmand might be worth exploring. It would have to take into account local customs, tribal structures, the views of the provincial and national Governments and of course legitimacy in the eyes of locals, but one would be hard-pressed to give an example of a counter-insurgency campaign that has been successful without using local auxiliary forces in some way. If we do not mobilise the locals, the Taliban will, and if we are serious about winning that is one matter that we need to look into further. I would be grateful if the Minister of State could say whether such an approach forms part of the Government's wider thinking.

Paul Flynn: I regret interrupting the hon. Gentleman's speech, and the question strikes me why on earth his party needs General Dannatt when they have shadow Ministers of his quality. Does he really believe, however, that the Afghan army, who are mercenaries from a wide range of tribal backgrounds, will have the commitment to put their lives at risk and slaughter their fellow countrymen in the defence of a corrupt Pashtun President?

Dr. Fox: We were warned of such potentially catastrophic outcomes in Iraq, yet what has happened there has been largely a success story in building the capacity of the army. I have no reason to believe—especially having been to some of the training grounds and spoken to British commanders on the ground—that the Afghan national army, when fully trained and having fully absorbed their trainers' methods and values, will be anything other than a valuable and effective professional army in the service of maintaining its country's national security. There are questions about whether a similar top-down approach could be applied to the Afghan national police. Indeed, because policing requires consensus—about the application of the penal code and the judicial system that interprets it—training in the Afghan national police needs to be more of a bottom-up exercise, to complement the top-down external security that the Afghan national army provides. That remains one of the biggest political challenges that President Obama and the coalition face in taking the political process forward.

Assuming that we get the strategy correct in Afghanistan—General McChrystal's assessment suggests that that is paramount—the Government must always ensure that our troops are properly equipped for the crucial operations in which they are involved. That includes providing the earliest possible increase in the number of helicopters, armoured vehicles and other key battlefield enablers.

To maximise the mission's success while minimising the risk to our forces, we must have the capability of moving troops safely while maintaining flexibility and manoeuvrability. It cannot be disputed that there is a shortage of UK helicopters in Helmand. That is largely as a result of the Government's dreadful decision in 2004 to cut the future helicopter budget by £1.4 billion in the middle of two wars. There is no getting away from it.

Let me focus on specifics. Recently, two Chinook helicopters were destroyed in Afghanistan. Unfortunately, that is an inevitable consequence of warfare. However, will the Minister give an assurance that the attrition buy for replacing them will be funded from the Treasury reserve, not the core Ministry of Defence budget?

On 1 May, the Ministry of Defence announced that Vectors were being phased out of Afghanistan, but during the summer recess, we learned that an RAF airman was killed when patrolling in a Vector. Will the Secretary of State or the Minister guarantee that the on-scene commander had a choice of vehicles for the mission, as Ministers promised, and was not forced to use the vehicle through lack of choice? Will the Minister state in his winding-up speech how long he believes that it will take before the last Vectors come out of service in Afghanistan?

We welcome the addition of Mastiff and Ridge back armoured vehicles. However, it has been almost two years since the 157 Ridge backs were ordered, but only a trickle of them are getting into theatre, and we still have a shortage of lift capacity. In his oration at his party conference, the Secretary of State criticised my criticism of the slowness of delivering the Ridge backs. His justification was that the vehicles were not due in Afghanistan till the next deployment of forces and that, in fact, they were early. That is a bureaucrat's thought process. When people are being killed yesterday, there is no such thing as "early" for delivering equipment in theatre. It is not the criticism of the lack of equipment, but not having that equipment, that damages morale and jeopardises the mission.

Mr. Bob Ainsworth: The vehicles were not ready for the deployment of 19 Light Brigade and people were not trained to use them in any significant numbers in 19 Light Brigade. The vehicles had to get to theatre before the people who were trained to use them, who were in 11 Light Brigade. Fortuitously, they were early. The hon. Gentleman chose to tell the British nation that we had betrayed our armed forces without bothering to check the facts. By all means, be an Opposition and hold us to account, but for heaven's sake check the facts first.

Dr. Fox: With two years for procurement, one is tempted to ask why we did not have sufficient people trained to operate our vehicles. We are at war in Afghanistan. Our armed forces are at war. It is time Whitehall was fully at war.

Anyone who has visited Afghanistan knows that there is much praise from our armed forces for the Mastiff. It is a great armoured vehicle—a life saver—but only if it is operable and serviceable. According to this week's Public Accounts Committee report on "Supporting High Intensity Operations",

"only around 20 per cent. of the Mastiff fleet was classified as 'fit' in June 2008, with a further 55 per cent. able to undertake a limited role."

My right hon. Friend the Leader of the Opposition raised that point yesterday, and today, when the Minister replies, I would like his assurance that the situation has improved. It is a sad state of affairs when, after eight years, we are still playing catch-up.

I would like briefly to consider Operation Telic and Iraq, in particular the UK training mission there to assist the Iraqi navy. The affair has recently been an

[Dr. Fox]

embarrassment. It beggars belief that the Government could not secure the necessary agreements with the Iraqi Government in time, and that, consequently, British troops have been sitting in the desert in Kuwait for more than three months waiting for final approval.

I welcome the announcement yesterday that, after so many attempts, the Iraqi Council of Representatives finally secured the required quorum for the agreement's third and final reading. But how long will we now have to wait for the Presidency Council to ratify and sign the agreement? Perhaps the Minister can help us with that.

The Royal Navy plays a very important role in Gulf security and is well respected, especially by our American allies. There is much criticism—often wrongly directed—of the relationship between the American and the British military, but anybody who has visited the American fifth fleet in Bahrain and talked to American commanders there knows how highly they regard the Royal Navy and its contribution to the mission in the Gulf. When we talk about Iraq as being "over", we should remember those sailors and marines who are still patrolling and looking after security in the Gulf. The Royal Navy plays a vital role in the capacity-building of the Iraqi navy—a huge contribution to regional security. I hope that, when the agreement is back in place, we return to normal functioning there as quickly as possible because our forces are hugely appreciated.

Mr. Davidson: The hon. Gentleman speaks of the excellence of the Royal Navy, and we must obviously consider its future. Would any future Conservative Government guarantee the contract to build two aircraft carriers—yes or no?

Dr. Fox: I have the same experience as the Secretary of State—I know that the question is coming, and every single time I allow the opportunity for it. The hon. Gentleman knows I have often said that the seaborne air power projection is important for expeditionary capability, but we have also said that if we are going into a strategic defence review, we must maintain the discipline of considering everything properly in its time. We need to stick to that.

I want to mention another issue about our naval mission in Iraq that I would like the Minister to tackle specifically in his winding-up speech. It now appears that we will resume our training mission in the near future. What about its financing? In the Secretary of State's letter to me dated 25 September—I thank him for keeping me updated throughout the summer recess on the matter, as he promised—he provided an explanatory memorandum on the agreement for training. It states:

"The costs associated with the provision of training and maritime support for Iraqi Forces will continue to be borne by HMG under existing arrangements for Operation Telic. The Treasury has agreed in principle to fund the additional costs for these military activities from the Reserve."

Will the Minister tell us unequivocally that the costs for any and all UK training missions in Iraq and the Gulf will be met by the reserve and not from the core budget?

The recent PAC report that I mentioned earlier also highlights the Government's failure to ensure that our troops are properly trained to carry out their tasks. We know that there is a shortage of armoured vehicles for our troops to train on before they go to Afghanistan. The PAC report went on to say that

"there have been equipment shortages in many areas and some key equipment was missing altogether. Many troops have not had direct experience of some equipment, such as electronic countermeasures systems, before arriving in theatre".

I am sure that the whole House agrees that no soldier should ever have to train on or see a major piece of equipment for the first time in Afghanistan.

Let us consider parachute training. Our Paras have a proud and gallant history. Our troops are expected to train like they fight, but now the Paras are being forced to jump from civilian aeroplanes flown by civilian pilots, when neither would be a wartime possibility. It is a matter for grave concern that parachute training and preparedness has reached that low level. Baroness Taylor said yesterday in the other place:

"the current capability is there. The lack of parachute training is not having an effect on the mandated operational capacity."—[*Official Report, House of Lords*, 14 October 2009; Vol. 713, c. 218.]

Many would disagree. When more than a third of parachute troops are unable to jump from a plane, which is what distinguishes them from their light infantry counterparts, there is a lack of capability. The lack of parachuting may not be impacting on current operations in Afghanistan, but what about our ability to react to the unexpected? According to the latest figures provided by the Government, more than a third of those who should be able to parachute are not trained to do so.

The situation with our reserve forces generally, and the TA especially, is worse than in other areas. Eighteen thousand members of our reserve forces, most of whom were from the TA, have fought in Iraq and Afghanistan since 2002, and we are extremely fortunate as a nation to have had those reserve forces available to us. However, the Government's treatment of the reserve forces is unforgivable. In 1997, the establishment figure for the TA was 59,000. Today it is 38,500, even though the current strength is 28,920.

We learned last April that thousands more TA positions would be cut from the establishment figure. According to the Government's latest figures, 12 of the 14 TA infantry battalions are under strength. On 28 April, in a statement to which he has referred, the Secretary of State said:

"Initial training will be restructured so that new recruits receive sufficient military skills to participate in their units' collective training within six months of joining, and are fully trained and eligible for mobilisation in three years. Routine training will also be reviewed and sufficient man training days allocated to ensure that annual military competency standards can be achieved by all."—[*Official Report*, 28 April 2009; Vol. 491, c. 702.]

As several hon. Members have already pointed out, we have now learned that training for all members of the TA who are not going to Afghanistan in the next year is going to be cut. The operational budget for the TA for this financial year was £38 million. We now know that it is going to be cut to around £23 million. That will have a very negative impact on the long-term readiness of the TA and long-term recruitment.

Let me give the House a graphic example. A young man sent me an e-mail today. It states:

"I have always had an interest in the armed forces so at the freshers fair this year"—

at King's College—

"I jumped at the chance to join the London University Officer Training Corps, not only would I be trained by the military, develop my leadership skills but I would also get paid – always a good thing as a student struggling to pay a loan!...So after successfully getting in through the rigorous interviews and selection weekend (held in norfolk) I arrived for my first training evening, excited, keen and willing to learn! We were sat down in the hall and the Major walked out and announced bluntly – 'There will be NO pay for any training officers this year.' He went on to tell us about how the whole Army was facing a cut back. I think this is outrageous! We're fighting two large wars, as training officers we should be seen as the next generation...properly respected and paid!"

The Government are willing to spend £12 billion on a pointless VAT cut to support their political reputation, but they are unwilling to spend £20 million to train the TA while we are at war in Afghanistan. That shows a very twisted set of priorities. The Government need to understand that for many in the TA, the TA is a habit: break the habit, break the TA. That is exactly what their proposals will do.

For our defence policy to be successful, we must have a clear strategy, defined objectives and the necessary military capabilities. Too often, this Government have simply not been up to the task. They are losing support among the public for the mission in Afghanistan, because they do not tell them why we need to be there in terms of our clear national security priorities. They are not making clear what losing would mean and they are not clearly defining what success would look like. We need better supplied forces in Afghanistan, with better spares and equipment.

Ultimately, the question is how much we value our forces. The TA decision is disgraceful and penny-pinching, and it is a shameful way to treat the volunteers in the TA. It may save £20 million, but the Government are willing to spend any amount to bail out their reputation in the middle of an economic crisis of their own making. In Afghanistan and elsewhere, whether dealing with equipment or our forces, if we will the ends, we must will the means. Half of what is needed will not buy us half a victory. Our armed forces deserve so much better than they are getting from this Government.

Several hon. Members *rose—*

Mr. Deputy Speaker: Order. I must remind the House that a 10-minute limit applies to Back-Bench speeches. Actually, a 12-minute limit applies—I may have been anticipating a possible change.

2.4 pm

Paul Flynn (Newport, West) (Lab): The 200th soldier killed in Afghanistan was Kyle Adams. Charlene Barry is a constituent of mine. She wrote to the Prime Minister and his predecessor, and she would like her letter to be read to the House. I shall read part of it:

"I am a 21 year old woman and my life was very happy and full of love. This was before a terrible...experience occurred...I try my hardest to keep up with understanding the background to your decisions on Afghanistan...I want to explain my background so maybe you can relate in some way to why I am very frustrated with you, and maybe you will understand we are people not just numbers...I left school after my GCSEs and I started to think about serving my country and working for the British Army. I enrolled onto a college course and got my diplomas. This is where I met Kyle Adams. We had such a great connection we would bring out the best in each other. We knew in our hearts we would always be together and made plans for the future...I later left the college, however my dear Kyle joined up as a paratrooper and began his gruelling training...We started to plan our lives in detail...We were to move in with each other...We were to have a dog for the first few years and then he would ask my father for permission to marry. Kyle wanted to wear his army uniform on our wedding day and we had our first dance song (savage gardens – truly, madly, deeply...We were to have three children; our first would hopefully have been a boy to carry on the family name for the Adams. His name was to be Cole Adams and he was going to be a cricketer as Kyle loved his cricket and his son would surely bowl out South Africa...Kyle was then sent to Afghanistan on the 22nd May 2009. He loved his job and was proud of what he had become – we were all very proud of him...Kyle was killed in action on the 6th August 2009 working for the paratrooper regiment when his Jackal vehicle ran over an IED bomb. We met our cold dead hero at RAF Lytham, on Thursday, 20th August 2009, and what a day that was! We met a lot of people and I was pleased to know that they felt enough emotion to turn up and show some respect for the four fallen men that had flown home that day...I think I speak for all British people when I say I just hope it doesn't cost more lives."

They laid down their lives for our decisions. I was so moved by that letter that I wrote to the Prime Minister and said, "I realise you get 20,000 letters a week, but please read this one."

Charlene Barry made a plea for Ministers to turn up when the fallen soldiers are brought home, and the Prime Minister's handwritten reply was greatly appreciated. It is crucial for Members of this House to confront the consequences of our decisions. We often talk about numbers and about issues that are peripheral to what has happened to the families of the 221 soldiers. They will suffer a wound that will never heal.

In this debate, we are concentrating on issues that are not central. My purpose in asking the Minister questions was not to suggest that the decision to turn those two Chinooks into scrap metal was wrong. I am sure that it was militarily the right decision. The point was what the episode says for security in Helmand province and in Afghanistan. In another answer to a question of mine, the Minister said I should realise that the reason why none of the terrorist plots originated in Afghanistan was that we were there, and that we had controlled the situation. That is an utter delusion. Karzai cannot travel 30 miles outside Kabul to the Logar province, because it is entirely controlled by the Taliban. An independent think-tank has estimated that the Taliban are in control of 80 per cent. of the territory of Afghanistan, more than they had in 2001.

Other evidence also suggests that we are deluding ourselves, and the battle is already lost. I questioned the hope that we have in the Afghan army in an intervention. It is a mercenary army that comes from all the various tribal areas, which have huge divisions between them. Karzai even has opponents in his own group.

We never mention Baluchistan. The king of Baluchistan was a constituent of mine until a few months ago—he is now an asylum seeker. Is that an area that we consider to be secure? Karzai sent emissaries to bring the area into line, because it was not obeying orders from Kabul. The reaction of the local people was to behead all 12. The country is out of control and has been that way for some time.

We are likely to repeat the disasters of Saigon and the disasters of the Russians—

Andrew Mackinlay (Thurrock) (Lab): I listened carefully to the moving letter that my hon. Friend read out, and it brought it home to me that this House has never voted

[Andrew Mackinlay]

on the deployment of our troops in Afghanistan, especially in Helmand, despite the promises from Prime Minister Blair and the current Prime Minister that the deployment of British troops in a war situation would require an affirmative resolution in this House. That would be in line with western European norms, as many other Parliaments require the full-hearted consent of the legislature in the full knowledge of what such action would entail, and we have been denied that in respect of this deployment.

Paul Flynn: My hon. Friend is right. We had a debate in March 2006—I commend the report of that debate to him—during which the claim was made that we were going into Helmand province. That area was peaceful at that time, and only seven British soldiers had died, two in action and five in accidents. At that time, the Government said—they would love to unsay it now—that they hoped to be there for three years and without a shot being fired. We would have been out by now if that plan had worked. Other voices said that this plan was as dangerous and futile as the charge of the Light Brigade. If casualties continue at the present rate, by Christmas twice as many of our brave soldiers will have lost their lives in Afghanistan than were killed in the charge of the Light Brigade—to similar purpose. My hon. Friend is right to point out that we have not debated this action or voted on it.

I have asked senior Ministers whether they have ever spoken to the Taliban leaders and asked why they are killing our people. I would have thought it would be important to do so in the circumstances. Both Front Benches deliberately mix up al-Qaeda and the Taliban—it happened again today—when the Taliban are complex enough on their own. Both Front Benches also deliberately mix up Pakistan and Afghanistan, and suggest that everything emanates from the Afghanistan-Pakistan border. The terrorist attacks here were all planned in Pakistan or in this country. None was planned by the Taliban or in Afghanistan.

The Minister's answer to my intervention was about security, but there is no security if we have to blow up our own helicopters because we cannot guard them for the time it would take for a heavy-lifting vehicle to move them. That is the sign of a desperate situation. If security is that bad, how dare we ask our soldiers to go on patrol in light vehicles, or even on foot, and expose them to such dangers? We are in a similar situation to the final months in Iraq, when we were still sending troops out on futile patrols that had no purpose and many lives were lost in consequence.

If the Minister were to ask the Taliban why they are killing our soldiers, would they say, "Well, when we've killed all the British and American troops, we are coming over to Coventry and Newport to blow up your streets"? Or would they say, "We're killing them because it's our sacred, religious duty to kill the Ferengi, the foreigners, the infidels in our country"? James Fergusson, in his book "A Million Bullets", tells the story of his meeting with a Taliban leader, who says, "I have three children, but I don't allow them to live in the village where I live because I don't want them to learn to love me. If they do, it will be more painful when I die." James Fergusson asked, "But surely you don't want to die." The Taliban leader replied, "Of course I want to die, it is my dearest wish. My father died fighting the Russians and my great-grandfather died fighting the British, as did his father, and that is how I hope my children will die." This is not a war that fits in with any of the military rules of conventional warfare over territory. This war is very different. The reason for the increase in deaths from seven to more than 200 is our presence in Helmand province, which was unnecessary and had no purpose. It was a giant military mistake and we are all still paying for it.

Politicians from both main parties are reluctant to admit the truth, because they would have to say that they had been mistaken for a long time, and that is a difficult thing to do. But we have to change tactics. All the issues raised about the number of helicopters, the training and other equipment are important, but they are not the central issues of why we are there, why the Taliban are attacking us, whether our goals are attainable and what will happen in the next few months. Thankfully, Obama is asking those questions. He has looked afresh at the war and is asking, "What is the likely outcome?" He has not taken the usual military line of sending more troops—every army asks for more troops.

We have told our soldiers that they must keep on dying. The line taken by those on the Front Bench about NATO is interesting. NATO is already fractured and divided—Canada says that it will leave in a couple of years. We have lost more troops than all the other European countries put together. They are doing the policing, but the Brits are doing the dying in this war. Is it reasonable to ask our troops to carry an unfair share of the burden? What are they dying for? Is it to guarantee the re-election of a thoroughly corrupt and disreputable president, Karzai, and his equally corrupt family, some of whom have become millionaires as a result of the war? Is it to allow the depraved, drug-addicted thieves of the Afghan police to take over when the soldiers have captured the territory? Is it to continue the abject and total failure of a drugs policy that has enriched the Taliban and allowed drugs to arrive on our streets in previously unheard of quantities? The price of heroin on the streets of our capital city—

Mr. Deputy Speaker (Sir Michael Lord): Order.

2.18 pm

Nick Harvey (North Devon) (LD): I start by paying tribute to all those servicemen and women who have been serving our country in Afghanistan and elsewhere and, in particular, by marking the debt of honour that we owe to all those who have been killed and injured in that service. I also express our sympathy and condolences to their friends, families and loved ones. We should all be very proud of the work that they have done for us.

I welcome the opportunity this afternoon to discuss defence policy, with all the political parties now signed up to the principle of the strategic defence review after the forthcoming election. The opportunity looms for a national debate about defence policy, what we want to do in the world, what role we want to play and what we are prepared to leave to allies. Once we have identified what we want to do, we need to discuss how we will go about it. Tough questions must be asked; difficult answers must be sought. Policy is not, and should never be, simply a knee-jerk response to various crises. It should be about guiding principles; about the basis upon which we intend to interact with others; and about what we are trying to achieve in doing so. Having set out our

clear objectives, the task before us all—whatever political side we are on—is to communicate that to a wider public that is increasingly confused and parting company with us on some of the things that we are doing. That public's assent and consent is necessary if we are to continue as we are.

We are debating in part the Gray report. I think that everyone in the House would have appreciated more time to read and get to grips with it, but even a quick read of the executive summary is enough to make one realise that it raises very serious questions about the state of our defences and, in particular, procurement policies.

In many ways the report confirms what we have long suspected and what many commentators have been saying for a very long time: simply that there are systemic failures in the Ministry of Defence and, in particular, the procurement processes, which are crippling our armed forces' ability to act. I very much agree with the general tenet of the report and the observation that the quest for a perfect solution too often gets in the way of achieving a very good solution. As Gray says, when an 80 per cent. solution is a viable option, and when it is in the interests of the armed forces to provide a "good enough" answer, the armed forces could get what they need and there could be far greater export potential. In summary, the report states that

"too many types of equipment being ordered for too large a range of tasks at too high a specification".

In many respects, the report is a damning indictment of our procurement processes: the average programme overruns by five years beyond the time specified; average cost increases are 40 per cent, and the knock-on frictional costs to the Ministry of Defence of these delays amount, in monetary value, to, according to Gray, between £900 million and £2.2 billion annually. It is little wonder then that the worries that many have articulated about a black hole in the MOD budget are beginning to materialise.

Mr. Davidson: Clarity in procurement is important. Can we be clear about the Liberal Democrat policy on procuring two aircraft carriers? Are the Liberal Democrats in favour of that? I deserve an answer because I am the only person listening.

Nick Harvey: To the best of my knowledge, the Liberal Democrat policy on the two aircraft carriers is exactly the same as that of the Government and the Conservative party. We see the need for the carriers, and support their procurement, but it is perfectly clear that a strategic defence review will consider the entire range of our military activity, and obviously in doing so will consider the aircraft carriers, like it will every other aspect of military activity. The hon. Gentleman asked me about policy; our policy is that we support the procurement of the two carriers on exactly the same basis as the other two main parties.

I noted with great interest that page 27 of Bernard Gray's report provides figures, in a tabulated chart, suggesting that even on the most favourable assumption about the resources that will be available to the MOD, there could be a £2 billion annual gap in its procurement plans over the next two years. Looking further ahead, over the course of the next decade, he sees that growing to £4 billion annually, on the most optimistic basis. Taking a less optimistic assumption about the resources that will be at the MOD's disposal, he sees that gap widening to £6 billion a year—and this is just on procurement. It is quite apart from all the other mismatches between resources and commitments in the MOD. Nobody should be in any doubt about the scale of the financial imbalance and the mismatch between our commitments and the resources at our disposal. If there has ever been a need for a strategic defence review, as a matter of urgency, surely now is the moment.

Dr. Fox: Given that very dark picture, I am tempted not to say that it is actually even worse than that. However, the report says that not only do we have the problems that currently exist, but that they are growing and at an accelerating rate. Things are continuing to deteriorate at an even greater pace. What is coming is even worse than what we have now.

Nick Harvey: I am very sorry to say that the hon. Gentleman is quite right. There can be no doubt that that is the case, which is why it is essential that this spiralling debt is caught hold of right away, and the strategic defence review will have to ask some very tough questions, because by no stretch of the imagination can we afford to continue as we are.

In my view, too often we seek bespoke solutions for British procurement that are out of all proportion to the size and scale of our armed forces. Some things we absolutely have to supply for ourselves, for reasons of national security. Furthermore, we need to keep supplies of some of our equipment on a national basis. Equally, and quite rightly, Members on both sides of the House are always very anxious about jobs in the defence industries. However, in some instances, our defence industries will have to, in the future, gear up far more for supplying through-life support, rather than for the design of a completely unique British solution in the first place.

I can also see that there might be more scope for building under licence in the future, although past examples of that have not always been happy ones. However, I have heard Members make powerful speeches on this in the House. The hon. Member for North Wiltshire (Mr. Gray) made an impassioned speech along those lines in one of our debates early in the summer. Some of this is not always what everyone wants to hear—certainly not what our defence industries want to hear—and sometimes it is not even what those at the head of our armed forces want to hear. The latter are perhaps those who set us off on the wrong path of over-specifying what is needed. However, if we are to address the black hole that we have just identified and discussed, we will have to accept the logic that an Army of fewer than 100,000, an RAF of fewer than 40,000 and a Navy of fewer than 40,000 cannot have their own solutions on procurement as frequently as they have been accustomed to in the past.

Mr. MacNeil: The hon. Gentleman mentioned the defence review and setting off on the wrong path. I thank him and the hon. Member for Woodspring (Dr. Fox) for the help that they gave me in forming a cross-party coalition for the Hebrides range in Uist. However, on the defence review, does he think that the long-term partnership agreement between QinetiQ and the MOD should be looked at? That might have led to a lack of utilisation at the base, but it could provide a better facility for what is Europe's biggest and best missile range.

Nick Harvey: The hon. Gentleman makes a good point, and deserves congratulations on the campaign that he fought. It will be appreciated in his locality. I believe that the strategic defence review must look at everything. There must be no no-go areas for a strategic defence review. We must ask very fundamental questions on a blank sheet of paper about what we want our armed forces to do, and what we need to provide them with in order for them to do it.

One of the experts in defence acquisition, quoted in the Gray report, remarked that

"the system is failing to produce the equipment we don't need".

That is a damning indictment. However, it is just an opinion. The National Audit Office, and others, have attempted to get to grips with the detail. It reported that last year there was an aggregate increase of 12 per cent. on the costs of defence projects. Often in this House, we debate defence inflation. Over the past year, the NAO has quantified that at 12. per cent.—£3 billion more than originally forecast. The total aggregate of slippage on all projects is now around 483 months—that is, the top 20 major procurement programmes have delays of 483 months—with expected cost overruns amounting to £16 billion.

The Public Accounts Committee reported that only 20 per cent. of new Mastiff armed vehicles were classified as fit and ready for use, with the deployed fleet of 87 consuming 176 axles in 13 months. They operate in very difficult terrain—nobody should underestimate that—but that shows, when we are having a discussion about the equipment that we supply to the front line, that there is a great need for improvement.

It cannot be stressed how vital helicopters are for troop movement, medevac and helping people to avoid improvised explosive devices, so I welcome efforts to get more helicopters to the front line. However, I suspect that we will need a great deal more than we have heard about so far.

The Parliamentary Under-Secretary of State for Defence (Mr. Quentin Davies): The hon. Gentleman is always very thoughtful about such matters and I have been listening to him with great interest. However, I put it to him, first, that the 80 per cent. solution is something that we are already doing—I am doing it on armoured vehicles, for example. Secondly, on separating support solutions from manufacturing, there will normally have to be a support contract with the manufacturer or design authority with the source codes, who will need a knowledge of the kit that he will be supporting—indeed, there certainly cannot be support without the consent of the manufacturer or design authority. Thirdly, licences are not a panacea for saving money, but are actually rather expensive. We wind up spending money on the licence by having to pay the licensor and also the manufacturer.

Nick Harvey: I thank the Minister for his intervention and welcome what he says about 80 per cent. solutions, as he put it. I recognise that, in the case of some recent urgent operational requirements, that sort of logic and thinking has been more to the forefront. I welcome that, but such common sense has not always been present across the piece with our procurements.

As for the contracts for through-life support, they would of course have to be partnerships with the manufacturing companies. However, I am making a call for the British defence industries to be far more ready to position themselves for such contracts, because we certainly would not want to take things that we buy from abroad back to those manufacturers for through-life support every time. The British industries—and let us face it: the defence industries are becoming increasingly internationalised—need to think more along those lines for future decades.

I take the Minister's point about building under licence. The experiences have not been happy ones. Perhaps I am being too optimistic in thinking that the idea may be a way forward for the future, but it at least needs to be thought about again. Licences have sometimes been very expensive—I recall one of the helicopter programmes being prohibitively expensive, to the point that Lewis Page said in his book that if we had given every man in the factory £1 million, we would still have saved the taxpayer millions. I therefore take the Minister's point; nevertheless, we cannot continue to think that it makes sense to devise a completely British solution to every need that arises.

I welcome yesterday's news from the Prime Minister that he intends to send more troops to the front line. However, the previous Defence Secretary, the right hon. Member for Barrow and Furness (Mr. Hutton), has said that it would have been

"much more helpful had we had the additional troops there six months ago".

That need has been widely known about for some time. However, I am clear that if it will provide the troops who are already there with additional safety and expertise and if it will help the programme of training the Afghan national army, sending more troops is the right thing to do.

On our commitment in Afghanistan, I entirely echo those who have raised criticisms of the decision to cut back on Territorial Army training. The TA has been picking up a far greater proportion of the burden in Afghanistan than anybody could have expected at the outset, and we should pay tribute to the work that it has done. However, if we are going to take people from ordinary civilian walks of life and throw them into the front line—a contemporary of mine from university, aged 48 and holding a senior academic position, is going out to Afghanistan next autumn to fight in the TA as a private—it is essential that every possible preparation is given to them to enable them to do the job when they get there. I urge the Government to review that issue and think again.

Hon. Members will appreciate that I and others in my party have been raising great anxieties about the strategy being followed in Afghanistan. I therefore greatly welcome the remarks and proposals of General McChrystal, who has said:

"Our strategy cannot be focused on seizing terrain or destroying insurgent forces; our objective must be the population."

There have also been remarks from Secretary of State Hillary Clinton, who has drawn new attention to the need to try to slice away the Taliban. Indeed, the Prime Minister emphasised in his statement yesterday the need to get out and reach the population. All that is a welcome shift in emphasis.

However, I felt yesterday that too much of the Government's shift in emphasis sat on the single tactic of increasing the size of the Afghan national army from

90,000 to 134,000 in about a year. I would not want to be misunderstood: that aim seems an entirely laudable objective. However, as I sat listening, I asked myself whether any organisation, anywhere in the world and operating in any walk of life, can expand itself by 50 per cent. in a year or so in a way that is sustainable or gives confidence that it will effect such extraordinary growth efficiently and effectively, let alone an organisation as new, young and immature—I do not say that in a critical way—as the Afghan national army.

Mr. Brazier: The hon. Gentleman's strong point is made even more powerful when one reflects on the fact that Afghanistan is a tribal society. The danger is that, in seeking to expand so quickly, there will be parallels with Northern Ireland, for example, with disproportionate numbers of recruits coming from the north and thus being less acceptable to the population as a whole.

Nick Harvey: The hon. Gentleman makes a good point; although one of the Afghan national army's strengths has been that it is drawn from all over and is not always deployed using people in their own areas. Indeed, that is one of its strengths over the Afghan police, who tend to be used in their own areas, which seems to account for the suggestions sometimes made that they seem to be corrupt, as are others in parts of the Afghan structure.

As I mentioned earlier, we will have a strategic defence and security review after the election. Some of the preparatory work is being done on that now, and I welcome the fact that all parties have been invited to cast their eyes over it. I have said that I think that everything must be included, and I simply cannot see the logic in conducting a strategic defence review and not including the consideration of our future nuclear capability and what we will do beyond the lifetime of the existing Trident programme. That is not to say that we should jump to conclusions now, before the event, about what the SDR might conclude. It seems baffling, however, that one of the most significant programmes, militarily, and one of the biggest, financially, should be excluded from an otherwise seemingly comprehensive review. I urge the Government to think again on this.

The Gray report said that

"we cannot fight the kind of unconventional expeditionary wars that have been the stuff of much of the last decade at the same time as providing the regeneration capacity across the full width of defence capabilities that keeps many critical military technologies within the UK, at anything like the current level of resources."

That sums up where we are very clearly. We must consider what we are good at, and what we want to develop. We cannot continue as a Jack of all trades. That is not in our interests, or in the interests of our allies.

We also need to match our defence practices with our foreign policy ambitions. Governments of any complexion need to look at their wider policy in the context of what they can do with their allies. It is perfectly clear that the countries of Europe must do more of the heavy lifting. Between us, we need to share more of the burden in military matters. The Americans cannot be expected indefinitely to keep doing so much more than their fair share. We recognise the special relationship with America and we must seek to maintain it, but we cannot expect them indefinitely to continue to do as much as they do.

Nor must we continue to follow American policy without questioning whether it is in our self-interest or within our capability to do so. For example, we went along with missile defence under Bush, and now we are going along with Obama, who has decided—quite rightly, in my view—to dispense with it. We need a far clearer idea of what our policy objectives are. We need to reappraise our relationships with others to ensure not only that we get the most out of those relationships but that the allies get the most out of their relationships with us.

I should like to acknowledge the fact that the British Legion came to all the party conferences during the conference season and called on politicians to "do their bit" for the armed forces. Today's debate is not predominantly about the armed forces, but we should all take seriously the need to renew the military covenant. Taking seriously today's report on the way in which we support our armed forces with equipment will be a critical part of that.

The Gray report is welcome and timely, and it says what many people have believed for a long time. We welcome the Government's suggestion that they will accept some of its recommendations, but we are going to need to see what action they take in practice as a result of the report. We all know that dramatic changes are needed in the Ministry of Defence and in the wider defence policy, and we need to work to realise those changes, to ensure that our troops are properly protected and supported, that the country has a realistic defence agenda and that the necessary resources are put in place to make a reality of it.

2.42 pm

Alison Seabeck (Plymouth, Devonport) (Lab): The timing of this debate, in our first week back after returning from our constituencies, is significant—especially for those of us who have constituencies with a substantial armed forces presence. Our cities have had to bear the tragic losses incurred over the summer: the roll of honour read out in yesterday's Prime Minister's questions reminded us starkly of the price that has been paid. We must also support those who have returned injured and in need of specialist support.

Alongside the human aspect, we must also consider the strategically important defence industries. These are all crucial to Plymouth, Devonport, and where we are now and where we go with our defence policy will be crucial for the city and its position as the economic driver for the sub-region. Historically, we have depended on and worked closely alongside the Navy, including the Royal Marines, and clarity on their projected roles is therefore hugely important. I make no apology for the fact that my contribution today is likely to be very parochial as I stress the importance of these industries and the armed forces to my constituency.

It is now some 10 years since the last defence review, which was prompted by changing circumstances after the fall of the Berlin wall and the end of the cold war. Now is therefore a good time for strategic reflection, especially on the back of a recession. For a range of reasons, we must have a long-term look at where we want UK defence to be, 15 to 20 years down the line and beyond. In particular, we need to look at how some of the assumptions and scenarios envisaged in 1998 have changed as a result of what happened on 9/11 and of

[Alison Seabeck]

our subsequent involvement in Iraq and Afghanistan. We also need to consider the challenges caused by global warming and the growing shortages of water and other resources, as well as by nuclear threats from some nations that have not committed to a policy of non-proliferation.

We are not alone in seeking to revisit our nation's defence needs. The French Government have announced their new strategy this summer, after a 15-year gap in their policy development. Their proposals were aimed at changing the emphasis from logistics and maintenance to operational punch. They are maintaining their nuclear deterrent because they believe that it has a role in preventing inter-state conflicts of a traditional kind. Because of global security challenges, which were mentioned earlier, they have accepted the need to place greater emphasis on fast response and hence readiness. It is all about the power to project—something that we in the UK have understood for some time.

We must look at what our defence base will look like post-Afghanistan, when, hopefully, we will not be engaged in any major mission or conflict. That may be 10 years or longer down the line, but given the length of time it can take defence contracts to get going, or indeed be stopped, we need to consider how we will be placed to meet the challenges of 2020 and beyond. If, by then, we are in the fortunate scenario in which the Army is not engaged significantly in intense situations of the type in which we are currently engaged, we must ask what we are likely to need in defence. That is why I shall not speak further about Afghanistan today, but highlight why I believe that, in future, we will need a Royal Navy with the ability, to paraphrase a former Defence Minister, to act as a defence asset and not simply a Navy asset.

I agree with my hon. Friend the Member for Glasgow, South-West (Mr. Davidson) that the carriers—the CVF project—should be central to our future plans. We must stop the speculation. The build has started and we need to go ahead so that at least two carriers are finally built. They are vital as a delivery platform for almost any type of expeditionary warfare.

The continuation of the build programme is also, of course, essential for the work force in my constituency because of the skills that we in Devonport are able to offer both to support directly the work in Scotland and to tackle the overflow work that will come down from Rosyth once Babcock moves into the main build phase. The maintenance of the skills base across this part of the defence industry is something that, by broad agreement, must be maintained if we are to be able to produce and service our defence equipment within the UK.

There are those who would suggest that we could buy cheaper off the peg from overseas, but doing so regularly would lead to the loss of the skills that we might need in future, more unsettled times when we may not want to rely on foreign companies. At a time when we are rebalancing our economy, we would be ill advised to pursue a defence policy that undermined a highly skilled and very successful sector of our economy. Babcock alone has a number of overseas contracts based on the expertise of its UK work force; it is not only supporting UK needs, but bringing in valuable income from overseas. Once lost, those skills will be almost impossible to get back—and any Government must seriously consider the implications of that scenario.

To return to the value of the carriers programme, I believe that we cannot have global reach without them, because a number of future threat scenarios would require us to maintain the capability to move into areas outside our immediate control, perhaps where there is no friendly state willing to allow us to use its territory as a base. With increased tension and pressure arising from the consequences of global warming and the potential for mass migration, we could see existing and developing intra-state conflicts over water shortages and land escalating to much more serious inter-state conflict, which might require international involvement and intervention. If we cannot get a foothold close to the source of the problem, we will need the flexibility offered by the CVF.

I therefore welcome a review and hope that it will revisit some of the assessments made of our core capabilities in the paper "Future Navy—Operational Context", published in 2002. That set out clearly how maritime platforms are uniquely capable of supporting the other services of the armed forces in theatre.

Mr. Davidson: Does my hon. Friend regret, as I do, that both the Conservative and Liberal parties appear unwilling and unable to give a clear and unequivocal commitment to supporting the continuation of the carrier programme?

Alison Seabeck: I thank my hon. Friend for that intervention.—indeed I do, and my electorate in Plymouth, Devonport should certainly take note of the position of those two Opposition parties.

We currently have some capacity, but not on the size and scale of the carriers. For example, current exercises in the far east are designed to support a range of scenarios. The Taurus taskforce, led by Commodore Peter Hudson, which includes both HMS Bulwark and HMS Ocean, is practising a wide range of skills that support the Navy's ability to deploy a maritime force across the globe for prolonged periods. Within the group are frigates and Royal Fleet Auxiliary vessels, as well as submarines. Some 17 other nations are also involved. Such exercises flag up the need to look at the changing nature of the demands placed on our Navy and bring into focus its importance to any future defence review.

As I have said, today I am focusing on the Navy, and the review should, I believe, consider whether the Type 45 is the answer to our needs in the long term, as was thought to be the case when the programme was agreed. The Type 45 is a fantastic vessel—it is beautiful to look at and, I understand, fantastic to serve on—but is it exactly what we need to tackle some of the future threats? While it is "all singing and all dancing" in terms of its technology and performance, do we really need significant numbers of Type 45s? Are they over-specified? Should we be considering a more flexible, agile, simple and yet adaptable group of vessels that will possibly cost less than the Type 45?

The recent announcement of the maritime change programme—which, from Plymouth's perspective, was very positive; certainly Babcock thought so when the deep water maintenance contracts were announced—hinted that a future review would be looking at the shape of a future Navy in terms of frigates in particular. The implication was that the Government would have to

consider whether or not we needed more smaller and less complex vessels. If so, I am sure that Plymouth would be best placed to support them, and that that would offset some of the continuing concerns about changes to base-porting.

Finally, I want to touch on the importance of having the expertise to apply force, or the threat of force, successfully in the littoral environment, the area between sea and land where strength in amphibiosity is so important. I ask the Minister to reaffirm that, as part of ensuring that we have the best trained and supported capability in that area, Plymouth will be a centre of amphibious excellence and the Royal Marines will be moving to Plymouth from Poole in the not too distant future. It makes enormously good sense for that move to go ahead, given the work currently undertaken at the base which is specific to the landing craft and landing platforms.

Linda Gilroy (Plymouth, Sutton) (Lab/Co-op): I agree with what my hon. Friend is saying. Is there not a danger of sea-blindness in the future defence policy, and does not her speech restore the balance?

Alison Seabeck: I thank my hon. Friend. I know that the whole House appreciates that, as a member of the Defence Committee, she has great experience of the subject.

Will the Minister also confirm that that decision will not be delayed until after the review, which is unlikely to be delivered until early in the next Parliament?

I look forward to the Green Paper and the debate that follows, and to learning how Plymouth, with its naval base and dockyard, fits into the future requirements for the defence of the UK. That is important. Let me say to the Minister that the Green Paper must not undermine confidence or the motivation of the people who serve in our armed forces, or work to supply them with the best possible equipment and technology, by creating unreasonable uncertainty. I know that Green Papers are designed to leave a range of options open, that they need to be tough, and that they need to explore all avenues both to progress and to efficiency and cost savings. However, this paper will be published at a time when we shall still be in a very difficult theatre of operations, and our manufacturers will be working hard to meet the needs of our troops on the ground. A Green Paper that had the effect of demoralising them would not be helpful.

2.53 pm

Mr. James Arbuthnot (North-East Hampshire) (Con): Yesterday the moving roll-call read out by the Prime Minister of those who have died in Afghanistan over the last few months held the attention of the country, and I hope that the poignant letter read out by the hon. Member for Newport, West (Paul Flynn) about the death of Kyle Adams did the same. These are men and women who will be honoured for ever. I hope that we shall also be able to remember for ever, and honour during their lives, those who have been wounded in body, in spirit or in mind, because that is something of which we often fail to take sufficient account.

We also heard yesterday from my hon. and gallant Friend the Member for North-East Milton Keynes (Mr. Lancaster) about the curtailment of his Territorial Army training. That was very important, but today, shortly before I came into the Chamber, I received a message from my daughter. She is a university undergraduate, and last weekend she went to join the officer training corps at her university. Using the words young people employ, she described the weekend as "mental" and "absolutely incredible." She joined up with enthusiasm. Just before I entered the Chamber, I received a message from her saying that she will not be paid for any training but that it is expected that paid training will recommence in April. I do not know how much reliance we can put on such an expectation.

Mr. Soames: I am the honorary colonel of the Bristol university OTC, and I have just received a message from the commanding officer that that is, indeed, the situation.

Mr. Arbuthnot: I must confess that my daughter is at Bristol university, and I shall instruct her to pay due respect to the colonel.

Ann Winterton (Congleton) (Con): I am not the commanding officer of anything, but I can assure my right hon. Friend that a member of one of the Yorkshire Territorial Army units has informed me that they will be allowed—indeed, encouraged—to continue with the TA but they will not be paid. I also join my right hon. Friend in bemoaning the cuts to the OTC because my second oldest grandson is at Exeter university and, like my right hon. Friend's daughter, he will be adversely affected.

Mr. Arbuthnot: My daughter concluded her message by asking me whether I think she should continue with it. I hope she is watching this debate, and if she is I can tell her—I have never communicated with my family in this way before—that I very much hope that she will, because it is one of the best things anyone can possibly do.

To the Government, however, I communicate the following: to take the advice of chiefs of staff—who will always support the regulars when faced with choices between priorities—and to cut off this link between the civilian population and the military in order to save £20 million will result in units going out of existence. It is a short-sighted and wrong decision, and I ask the Government, please, to think again.

We have also heard today about Bernard Gray's report on procurement. The decision the Government took in July to delay its publication for as long as possible—and even, possibly, not to produce it at all—was extraordinary and ridiculous. It gave the impression that they had something to hide. It was not that there was something to hide; this is something to be brought out into the open and discussed so that we can put the endemic problems right.

The key recommendation in the Bernard Gray report is that the costings and truthfulness of the equipment programme should be subject to independent audit by a large firm of outside independent auditors and that the Government and their programme should be subject to a "going concern" test. We know that at present the equipment programme would not pass a "going concern" test—and we also know that the Government would not pass a "going concern" test. In order to get this right, we must have a realistic equipment programme. That means that if we were to follow Bernard Gray's recommendations, the first year would be very difficult. I must draw attention to the fact that the first year will involve some tough decisions.

[Mr. Arbuthnot]

Other key recommendations of an excellent report are aimed at the perverse incentives within the Ministry of Defence, whereby our procurement process means that we are almost bound to end up with the wrong decisions; at the absence of skills within the MOD and how skills, particularly those in project management, can be built up and required; and at the need for long-term budgets—10-year budgets—for the MOD. I warned all three Front-Bench teams that although the Treasury will have a bit of difficulty with that, it must be seen off. Long-term budgets for a Department that sometimes builds equipment that takes years to bring into commission and then lasts for a further 50 years are essential. The recommendations also include the holding of regular defence reviews, which has been an excellent policy of the Conservative party for some time. I am not sure whether it is a Government policy yet—I very much hope that it is.

Mr. Davidson: The right hon. Gentleman seems to be in favour of long-term planning, and of decisions being made and not being thrown into question, so does he agree that it would be appropriate for any party that aspires to form a Government to be unequivocally in favour of proceeding with the aircraft carrier order?

Mr. Arbuthnot: I agree that any party that aspires to be in government should follow all the recommendations on the need to have a strategic defence review. Such a review should take into account precisely the sort of things that the hon. Gentleman mentions. I am sure that he has his press release by now and does not need any further quotations from this debate—*[Interruption.]*

I return to the theme of Afghanistan. I share the approach of the Secretary of State and of my hon. Friend the Member for Woodspring (Dr. Fox), who made an outstanding speech, to Pakistan and to Afghanistan. The Select Committee on Defence was in the United States last week. We were a bit depressed by the quality of the debate there about General McChrystal's report, because it seemed to be about whether the discussion should have been held in public or in private, as opposed to being about whether the points that his report had raised were intrinsically right or wrong. I thought that the points that General McChrystal made had great strength and that he was right.

Yesterday, this House of Commons welcomed the 22 Light Dragoons. I was told by a young major—nowadays all majors seem to be young—that he thought we ought to concentrate far more than we are doing on the comprehensive building of capacity within Afghanistan; on building an understanding of the culture of the Afghan people and their economic needs, rather than the needs that we think they might have; on building an understanding of their power structures; and on building genuine friendships between this country and that country and these people and those people. Although General McChrystal's report suggests that we need more resources, we must recognise that they do not necessarily need to be entirely military resources.

Linda Gilroy *rose—*

Mr. Arbuthnot: I shall certainly give way to an excellent member of the Defence Committee.

Linda Gilroy: I thank the right hon. Gentleman for that. When we were in the United States did he sense that the Americans were being very thoughtful about the purpose of the possible increase in the number of troops? Does he not only welcome that, but agree that they do not need to delay too long, because there is a danger of a vacuum emerging if they do so? Would he therefore urge them to get on with making their decision?

Mr. Arbuthnot: Yes, I did get that impression of thoughtfulness. Given the importance of the issue of Afghanistan and Pakistan—I put those both together, despite what the hon. Member for Newport, West said—I do not object to those in the United States doing their utmost to get these decisions right. Yes, we need to do this as speedily as possible, but the key thing is that we need to get it right. The future of the world, I believe, is at stake.

The other issue that the 22 Light Dragoons raised with me yesterday was housing. I should not spend too much time on that, but they mentioned both the quality and the cost of armed forces housing. I am going to pose a problem to the House. It is only the armed forces who have to face a competition between the needs of bullets and the needs of housing—

Robert Key (Salisbury) (Con): Bullets and billets.

Mr. Arbuthnot: Bullets and billets, yes. The result of that is that these are the only people who, as a result of Government policy, face the risk of substandard housing because they have the discipline and commitment to fight for their country. There is something intrinsically morally wrong with that. I pose that problem without, I am afraid, being able to suggest a particular answer. I do not know what the answer is, but perhaps there should be closer links between the housing budgets of local authorities and the Minister of Defence. Although I do not know the answer, I know that we need to treat our armed forces better than we do as regards housing.

3.6 pm

Mr. Dai Havard (Merthyr Tydfil and Rhymney) (Lab): Like the right hon. Member for North-East Hampshire (Mr. Arbuthnot), I was part of the delegation to the USA last week, and I want to make a few observations. We discussed issues that we have not discussed today but that are part of the general discussion. For example, we discussed the trade treaty, which the Defence Committee has asked to consider in particular and which this Parliament ratified some time ago. We were concerned that the new Administration should take that much more seriously than they seemed to have been doing up until now and deal with it much more quickly than they have been, because it speaks to an enduring relationship. In my opinion, a lot of loose language is used in talking about a special relationship and so on, but particular relationships need to be cemented and understood. The trade relationship is one of them. We were trying to ensure that that was the case. We were also concerned about a second engine for the joint strike fighter—a huge investment for us in terms of our defence, but one involving small numbers for the United States. The investment is of huge importance to our local economies, our national economy and our defence relationship. Those are a few of the things that we discussed.

It is interesting that the debate in the United States—like the debate here—is clearly dominated by concerns about Afghanistan and where we will go in the future. Other issues were are stake, not least of which was a broader discussion about missile defence—that has not been mentioned today, and we cannot do everything in one day—but that affects the view from America about where it should be in the world. We all know that that has changed; it has changed radically with the election of the new President. That offers us opportunities to debate differently with the Americans and to speak to them about looking at parts of the world in a different way. They know that they have lost capacity to go and speak to certain parts of the world—whether it was deliberately destroyed or not. The previous Administration damaged their ability to do so. They know that they need to rectify that, and it was interesting to discuss it with them.

As my colleague from the Defence Committee, the right hon. Member for North-East Hampshire, said, the Americans' discussion about where they are going in Afghanistan was somewhat overlaid by their semi-hysterical press, which does not help. If anyone thinks that ours are bad, they should go and have a look at some of theirs. It did not inform the discussion but we felt that, underneath that, people were trying to get a real analysis. I was pleasantly surprised by at least the first half of the speech from the hon. Member for Woodspring (Dr. Fox), as he seemed to begin a real analysis of where we need to be. He asked some genuine questions, similar to the ones that some of us have been trying to ask for some time.

I take personal offence at the way in which problems tend to be collapsed together, and at the abuse of language exemplified by terms such as "the AfPak solution". I am sure that the Pakistanis and Afghanis find it offensive too. It may only be shorthand but it does not help, as the type of language used in discussions with these people is very important.

I agree that military activity is not always supported by civilian work to build capacity. It is clear that the US is now having that debate. It has a new organisation for reconstruction and stabilisation, but USAID—the United States Agency for International Development—has all the money. Organisationally, the US is not properly joined up, and that is a problem with which I think it knows it must deal.

Our Department for International Development tries to make available most of the finance that it can offer through Afghan Government structures, however corrupt, difficult or dysfunctional they may be. The aim is to help to build indigenous capacity rather than offer a well meaning substitute for it.

Those organisational questions are crucial to any discussion of where we go now in Afghanistan. The debate goes beyond numbers of front-line infantry combat forces. In that regard, it should be noted that Stan McChrystal talks about resources in the broader sense, and he is right to do so. What should be the shape of our contribution? That is the important question.

I visited Iraq several times during the conflict there. I saw Bremer with his boots on, and I observed what happened all the way through. We learned a lot in that period, but one thing that became clear was that such operations have to be conducted with local people and not just for them. A way has to be found to engage them in the process, and that is the real discussion that has to be held in respect of Afghanistan.

Some hon. Members not present in the Chamber believe that our contribution in Afghanistan should be confined to a counter-terrorism strategy. Similarly, there are people in America who say that their forces should use their technological advantages—drones, and so on—to spot the bad boys and deal with them that way. They do not want to tackle terrorism by getting involved in Afghanistan and fostering counter-insurgency from the inside; they say that they are about defence, and not nation building.

I believe that that is the road to perdition, but it is one side of the continuum of discussion. Our approach is different, and more difficult. We cannot build a nation for other people, but we can help them do it for themselves. People tend to claim that NATO will collapse unless certain things are done, but they should recall that NATO supported the original UN mandate to take action in Afghanistan and that it is now trying to help a body of people there develop their country. We must remember that ISAF is an assistance force, not a substitute for anything, so the question that we must consider is how we give it the right combination of activities, over and above the merely military.

Linda Gilroy: It is indeed an assistance force, and the "I" in ISAF stands for "International". I am getting a sense that, at long last, the Americans might be beginning to understand what we call the "comprehensive" approach and what they call the "whole-Government" approach. Does my hon. Friend feel the same? The matter is very complex, but does he agree that everyone must sing from the same song sheet if we are to get effective outcomes in Afghanistan?

Mr. Havard: The short answer is yes, and we continue to go around that discussion with some of our allies and the rest of NATO. We have been having that debate for some time. Who can turn up to do what? Will they turn up, and if so, when, and when will they pay for it? Rightly in a sense, the United States is saying, "Well, that's what we think we are doing. If we are going to do something that is comprehensive, we need assistance as well." The fact that the United States is saying that is useful and long overdue. It is saying, "We need help." It is beginning to recognise that there is no monopoly of decision making about such issues either in Washington or London, or in any one place. My hon. Friend is quite right: an international contribution will make the difference.

I noticed that the Secretary of State talked about security space and then about reconciliation, which is absolutely key. I noticed that the shadow Secretary of State talked about auxiliary forces. We need to have a careful discussion about how we do such things. There was a misunderstanding in the United States—some of it was still there when we spoke to people last week—about what the surge in Iraq was all about. Apparently, it was all about sending all those extra troops. As we were quite rightly told today, it was not just about that, but about a combination of activities that came together at the right time, and opportunities were taken. Mostly, however, it was about local people making a different determination about their political and security future and deciding to enter the discussion differently. Local

[Mr. Havard]

concerned citizens and organisations were involved. We still have a difficult argument about whether we were arming insurgents and stacking up another problem for the future. We cannot solve all problems at the same time. After all, it is their country and their future. That is the other side of the argument, and that is the debate with the Afghans themselves in a sense. I do not think that they shy of that—the ones to whom I have spoken are not shy of it—but they are wary of how it is done and who is doing it for them.

At the end of the day, the right questions were asked about our expectations. Afghanistan will not look like either New Hampshire or Hampshire, and there will be difficult, long-term work. To those in America who told me, "Oh, we're done with Iraq now," I said, "Really? I don't think so." These are generational issues; they will last for some time. We will have to deal with the situation in the area for generations to come, as we have done for generations past. We do that well; we do it badly.

I do not say that Obama should make a decision tomorrow. Clearly, given his own political imperatives, he will have to make a decision before Thanksgiving, because that is the way that the political clock turns in America. The decision may well come before the NATO Ministers' meeting next weekend—I do not know—but it will come sometime soon because the opportunities are clearly perishable on the ground in Afghanistan.

We are all stuck with the fact that the Afghans have a voice as well. We might not like their election or its result. We certainly do not like some of the people who probably participated in the election. That is not the point. We have asked them to engage in a process. In an odd, negative way, the Taliban were very actively engaged in that process and produced a result that no one seemed to expect. The security for the election took the form that we all hoped it would—there was not great bloodshed—but the election was not something that people looked to.

There is an elephant in the room all the time. When I go to Afghanistan, I talk to Afghans as best as I can in those circumstances, and they know that they have traditional ways of doing things that do not fit. This is not just about the imposition of Jeffersonian democracy; they have helped to build a construct in respect of their political solution, and it will not endure. At some point, it must be reformed, and we must find a way to do so that involves them and lets them come to their solution. It might not be one that we like, but if it has resilience and fulfils our other requirements of giving them security, allowing girls to go to school, letting the Afghans say, "We can be part of the international community in a proper way," giving us confidence that we have security and contributing to the broader geographical solution that is required in the area, it will be what we have to accept. We cannot say that we will dictate what is success, but we need to develop that understanding and those tools to understand what success for us might be.

I have concerns about the Territorials. We saw the field hospital from Wales at Camp Bastion when we visited last year. Major Andy Morris is a good friend of mine, from my local community and involved in the mountain rescue team—all the things that go to make up a good TA man. He contributes to the whole community, as well as to the military. Those are the people whom we need to protect, and I am not sure that the decision to curtail training is correct.

3.20 pm

Mr. Nicholas Soames (Mid-Sussex) (Con): May I start by paying my own tribute to the fallen, to their families, to the families of all servicemen and women serving abroad and, indeed, to our remarkable servicemen and women, wherever they may be? I agree with much of what the hon. Member for Merthyr Tydfil and Rhymney (Mr. Havard) said. Indeed, I was also in Washington last week.

The McChrystal paper is required reading for anyone who wishes to take an interest in Afghanistan. I am quite sure that he is correct, and I detect behind his paper the hand of a very senior—now, sadly, retired—British officer, Lieutenant-General Sir Graeme Lamb, who is advising General McChrystal closely and from whom many ideas to which the hon. Gentleman referred derive.

I shall deal with four separate points, because the general Afghanistan question has been very well covered by other people and will be covered by others. First, I pay a tremendous tribute to the work of the Defence Medical Services and congratulate it on its achievements on operations. It has through a torrid and difficult time, which flowed from substantial but necessary changes at the end of the cold war. I do not think that anyone believed it possible that it would be involved as it is today, but it is now the world leader in trauma medicine, and soldiers who would normally have died are surviving on the battlefield. That is a great thing. Survival rates are beating all expectations, but those survivors, bless them, will present problems for the whole Government and for our country in looking after them for the rest of their lives, and we must ensure that we honour those obligations.

I think it extraordinary what surgeons, nurses and others achieve while working in field conditions in one of the most hostile environments in the world.

Mrs. Madeleine Moon (Bridgend) (Lab): Will the hon. Gentleman give way?

Mr. Soames: Will the hon. Lady forgive me for a moment?

Secondly, on the Territorial Army, Lieutenant-General Sir Huw Pike, a former inspector-general of the TA, wrote a letter to *The Times* last week, which he started like this:

"Sir, The decision to suspend training and matches would quickly spell the death knell of a football or cricket club. So it is with the Territorial Army (TA), which relies on regular training activity to develop and sustain skills and morale."

He is of course completely right. Culling TA training days to the extent that the Ministry of Defence is doing will result in an under-trained TA, with soldiers deploying on operations who are not properly prepared. It will result also in major retention issues for the TA. After all, why should people remain committed to an organisation that appears to show such a callous lack of commitment to them? That, in turn, will undo much of the substantial investment that has been made in the TA, lower confidence in TA soldiers among their counterparts and the chain of command, and challenge the ability of the Ministry of Defence to sustain high-tempo operations in Afghanistan in the medium term.

The British Army in the field simply could not survive without the extraordinary input of the TA. For example, as far as the Defence Medical Services is concerned, the Public Accounts Committee report published this week states that the annual operational requirement for anaesthetists is 108, and that there are 45 deployable regulars. The balance is made up by Territorials. Presumably, the Minister will exempt medical staff from the cuts to TA training.

Mr. MacNeil *rose—*

Mr. Soames: I really must get on; I hope that the hon. Gentleman will forgive me.

Thirdly, I want to say something about the structure of the Ministry of Defence. As a Minister, I worked with some of the finest officials, soldiers, sailors and airmen it is possible to imagine, and that has been one of the greatest—if not the greatest—privilege of my life. However, it is now 25 years since the Heseltine review of the head office of the Ministry of Defence. At the time, our armed forces were twice the size. Since then, however, we have—magically, somehow—increased the number of military officers and, especially, civil servants, at the three and four-star levels.

How can anyone seriously justify the creation last year of the post of director general of strategy to serve in addition to the director general of policy, who did the job perfectly well when I was a Minister? How can anyone justify creating a commercial director general, a chief of defence materiel, a deputy chief of defence staff personnel and a director general of human resources? It is all a crazy, absurd, overblown bureaucracy. The top structure is increasingly bloated with senior officials, who themselves create bureaucracy and slow down decision making in a wholly unacceptable and dangerous manner, given that we require decisions to be made nimbly, sharply and promptly. Can one really imagine Lord Beaverbrook and Churchill allowing a procurement structure of the type that we have now?

On the running of operations, as a result of the enlightened reforms of the last Conservative Government, we now, thank goodness, run operations jointly under the chief of joint operations. It is a good structure. How can we therefore continue to justify each of the three services having both a chief of staff and a commander-in-chief? Do we really need a First Sea Lord and a separate commander-in-chief for the Navy, with all their supporting staff, who come in big numbers? We also need to address the duplication of staff between the head office of the Ministry of Defence in London and the permanent joint headquarters at Northwood, which is the key nerve centre for the running of all operations. A great deal must be done to flatten that structure. The time is now right for a thorough root-and-branch review of the head office of the Ministry of Defence, following the thoroughly botched so-called "streamlining" mounted by the Government 18 months ago. We need to reduce the number of chiefs and not just cut the Indians. It is first-order business, and I have no doubt that the Secretary of State will address it in his review.

On procurement, if the number of civil servants has grown out of control anywhere in the past 10 years, it is at Defence Equipment and Support. Some 28,000 staff work in that buying organisation, and that must be a world championship record, especially as it spends only £13 billion per annum. The upstream division of Shell procures £20 billion of equipment per annum with 1,000 staff. Furthermore, is delivers it on time and on cost, which is absolutely unknown—

Mr. Quentin Davies *rose—*

Mr. Soames: No, I will not give way.

Each year, the record of the Ministry of Defence is agonisingly exposed to all of us who love the services and want them to do well. It is agonisingly exposed as a national scandal to the public, not only by the Defence Committee but by the Public Accounts Committee and everyone else involved. The issues need to be addressed and there needs to be reform that is fundamental to the transaction of the Department's business.

Finally, may I give an illustration from another letter from *The Times*, which I just have time to read in full? It is from a Mr. Brian Faux of Tonbridge, Kent, and it contains a lesson that the Government might like to learn. It says that Jackie Fisher—Admiral Lord Fisher—

"was appointed First Sea Lord on October 20, 1904. The Special Committee on Design first met in December 1904. Its recommendations on future design (of Dreadnoughts) were approved in early 1905. They were revolutionary. HMS Dreadnought's keel was laid October 2, 1905. She was launched on February 10, 1906. She went to sea, for steam, gunnery and torpedo trials, on October 1, 1906.

The whole of the trials were completed without hitch of any kind. She left England for a long experimental cruise on December 5, 1906, immediately after the trials"—

the ship entered the inventory of the Royal Navy and three other keels were laid. The letter concludes:

"Each of these was completed in two years from laying the keel."

The Ministry of Defence has a very great deal to learn.

3.30 pm

Mr. Ian Davidson (Glasgow, South-West) (Lab/Co-op): May I start by raising an issue that I think will get support in all parts of the House—support for our troops? I wish to draw to the House's attention the fact that on Tuesday Glasgow Rangers football club, which is situated in my constituency, has a champions league game against Romanian opposition. It is making a complete section of the ground—some 1,200 seats, worth £50,000—available to members of Her Majesty's armed forces as a tribute from the club to those who have served overseas. It follows the successful visit, for which I lobbied, of 45 Commando to a home game at Ibrox, where many of the members of that unit paraded on the pitch at half time amid a rapturous response from the crowd, who gave them a standing ovation. That is very much to be welcomed. I hope that Front Benchers will find an opportunity in their closing remarks to welcome that initiative and to call on other clubs, not only in Scotland but throughout the remainder of the United Kingdom, to make similar gestures. That would be much appreciated.

Linda Gilroy: I support what my hon. Friend is saying and hope he will be pleased to hear that Plymouth Argyle had a similar major initiative at which I was very pleased to be present.

Mr. Davidson: That is excellent. I hope that my colleagues, not only on the Front Benches but elsewhere, take the opportunity to pursue that with their own local clubs, because I know it meant a great deal not only to the troops who were there but to the fans who had the opportunity to welcome the troops among them.

Let me pick up on the issue of the military covenant. I was down in Plymouth, Devonport last week, and I discussed with some of the people there the Haslar Company of the Royal Marines, which deals with many of those who are extremely badly injured, having in some cases lost multiple limbs. We discussed how we offer people like that the prospect of a future. It was outlined to me that most people in similar circumstances in the UK, where excellent work is being done—I am not criticising that; it is also the case in the United States—want to rehabilitate and then go out into the wider world. They want to face the opportunities that are out there notwithstanding the difficulties that they have experienced. We should offer a guarantee of continued employment to those who serve overseas and come back, are rehabilitated and want to stay in the forces. That safety net would be a psychological reassurance. I do not believe that it would ultimately be taken up by a tremendous number of people, but it would ensure that they are aware of how much we appreciate the efforts they are making and indicate that we are prepared to stand behind them in their time of difficulty—not only for the short period of their medical treatment but in the longer term. Those who want to stay on in the forces in some capacity should be able to do so, notwithstanding that the majority will recognise that it is not the right place for them, given the nature of their disabilities, and they would rather face life outside.

I move on to a point about the good General Dannatt, whose name has not come up so far in this debate. The current situation raises a point about the dialogue between Government and senior officers that is interesting to me as an external observer. To what extent can politicians elected to Government trust the advice of a senior officer if, at the back of their mind, is the possibility that that officer might at some stage come out as a political participant and use the information that he or she has gathered in an entirely partisan way? It seems to me that what has happened in the case of General Dannatt has betrayed the trust that there ought to be between Ministers of whatever party and senior officers.

I understand that in the event of a Conservative Government, the good general is to be appointed a Defence Minister. [HON. MEMBERS: "Not true."] Well, let us proceed on the basis that, despite the denials, the rumour is true. What is to be the role of his successor as Chief of the General Staff? Will that person's position be undermined by their predecessor being in a superior role?

Dr. Julian Lewis: Perhaps I can enlighten the hon. Gentleman. I am sure that if General Dannatt, a very able man indeed, finds a post in a future Conservative Government, he will find it no more difficult than Admiral Lord West has found it to hold a post in the Government whom he supports.

Mr. Davidson: The difference as I understand it is that the job for which General Dannatt has been lobbying is directly related to his previous functions, whereas the good admiral's position was somewhat removed and he was not seeking to overshadow his successor. That is an important distinction.

Linda Gilroy: Of course, Admiral West was in procurement, and it seems that the gentleman to whom my hon. Friend refers thought that he was certainly in line for something when he said, as reported in the *Daily Mail*, that the Leader of the Opposition

"put it to me that he was concerned that his defence team—at a time when defence was really important, and Afghanistan was really critical—lacked expert understanding".

Mr. Davidson: Indeed, and I do not think that there is any doubt that the Opposition Front-Bench team lacks expert understanding, but then again the Opposition have to make do with what they have got.

We must try to ensure that the trust between senior officers and elected representatives is not broken by the type of partisan behaviour that we have seen. There is already the difficulty that senior officers, particularly in the Army, are socially unrepresentative. The latest figures that the National Audit Office has given me show that nine out of 10 come from private schools, which is clearly socially unrepresentative of the country as a whole. It is bad enough to believe that they have Conservative sympathies without their coming out in such a partisan and sectarian fashion.

As Members might have expected, I shall deal now with aircraft carriers. The confusion about how the matter is to be proceeded with was summed up well by the Liberal spokesman, who managed, not untypically, to have two contradictory positions at the same time: claiming to have the same viewpoint as the other two parties when in fact their viewpoints are clearly different. The Liberals indicated, as I understood it, that they wanted to procure aircraft carriers, but that it would all be subject to review. That smacks a bit to me of wanting poverty, chastity and the pure life, but not yet. Given the importance of the aircraft carriers to the Rosyth base in a Liberal Member's constituency, I would have thought that the party could be much more unequivocal about its support for the aircraft carriers. As I understand it, the Conservatives have not made even as clear a statement as the Liberals about their desire to order the aircraft carriers. They would simply pass on the decision to a review—the weakest of all positions.

Linda Gilroy: Given that an important part of the aircraft carriers is to be built in Appledore, the neighbouring constituency to that of the Liberal Democrat spokesperson, does my hon. Friend not find the position even more surprising?

Mr. Davidson: That is a hard question. I do not find it particularly surprising—it simply demonstrates the Liberal spokesman's confusion or possibly lack of local knowledge.

The Conservatives have not said unequivocally that they would like the aircraft carriers. They have pushed the matter into the middle distance, presumably hoping that something will turn up. That is causing great concern among people in the Royal Navy to whom I have spoken. The Royal Navy without an aircraft carrier programme would be little more than a glorified coastguard.

The contrast between the Conservative position and that of the Government is that we do not need to look

at the crystal ball when we can read the book. The Government have ordered the aircraft carriers. The Secretary of State made it clear that they intend to continue with the programme.

Nick Harvey: The Government have placed the contract and, to the best of my knowledge, the Conservatives and the Liberal Democrats backed them in that. When did any Minister guarantee that the future of the programme did not form part of the strategic defence review? The hon. Gentleman is wishing a policy on his party and his Front Benchers, and I cannot see any authority for it.

Mr. Davidson: I got a clear, unequivocal statement from the Secretary of State earlier today, which firmly committed the Government to maintaining the aircraft carrier programme. I and my constituents in the shipyards have absolutely no doubt that a Labour Government are committed to maintaining the aircraft carrier programme, as are those working on it in Plymouth, Portsmouth and elsewhere.

Let me revert to the notion of the glorified coastguard, which brings me on to the navy of an independent Scotland. It is important to mention—so that people can consider them for the future—the recent statements on defence by Lance Corporal Robertson, the Scottish National party spokesman on defence. He said that, in his view, after independence United Kingdom forces would be perfectly free to remain in bases in Scotland, and that, indeed, they would do that. He also said that some arrangement could be reached whereby independence came but nothing would change, and that the considerable cost of bases in Scotland would be maintained by a the United Kingdom Government, bereft of Scotland. That is wishful thinking of the most gratuitous sort.

Mr. MacNeil: I am surprised by the hon. Gentleman's myopia. I was recently in the State Department and the Pentagon, where people spoke of their co-operation with the Dutch and praised them. It might be beyond the hon. Gentleman, but countries co-operate internationally. An independent Scotland would look to do exactly that with, of course, our nearest and dearest neighbours, and with other countries throughout the world.

Mr. Davidson: I am not entirely clear whether those other countries would be offered the opportunity to have bases in Scotland. Let us be clear about SNP policy on defence jobs and spending in Scotland. It is predicated on the idea that all the existing UK forces would remain in Scotland, except those on the Trident base. So in circumstances in which one base was thrown out, the assumption is that everyone else would remain.

Mr. MacNeil: About 10,000 defence-related jobs have been lost in Scotland since Labour came to power. Is the hon. Gentleman proud or ashamed of that record?

Mr. Davidson: This is the man who says that the SNP can always do better. If Labour has lost 10,000, he wants to lose 100,000. Let us proclaim what the SNP defence policy would mean. It would mean Leuchars no more, Lossiemouth no more, Rosyth no more, and the Clyde shipyards no more. All those things would close under an independent Scotland. We have a responsibility to make clear to people here and elsewhere what devastating impact an independent Scotland would have on defence and defence jobs. Do the two Opposition parties that aspire to be in government intend to keep bases in Scotland after independence?

3.45 pm

Robert Key (Salisbury) (Con): Madam Deputy Speaker, it is worth taking a few seconds of my precious 12 minutes to invite you to draw Mr. Speaker's attention to the fact that by the time we reach 6 o'clock in today's short debate, almost half the time will have been taken up by Front-Bench Members. If they say, "Ah, but we gave way so often", I would invite you also to point out—this is my grumpy old man bit—that when I was first elected to this House, it was regarded as the height of discourtesy for hon. Members on either side to intervene on a Front-Bench spokesman or Minister and then to disappear and go home. That has happened consistently. Some Members have intervened three or four times before disappearing from the Chamber.

Before the hon. Member for Glasgow, South-West (Mr. Davidson) asks, I unequivocally support the construction of the two carriers and I believe that they should be built. When the seas are opening up around the north pole area and the north coasts of the Russian Federation and Canada are becoming available to shipping, when 90 per cent. of this country's trade comes by sea, and when every house in the country depends for its fridges, cars and television sets on seaborne trade, I cannot think of a sillier thing to do than abandon the Royal Navy and the global reach that it represents. In case he would want to challenge me further, I am also unequivocally in favour of renewing the Trident submarine fleet. When the only certainty in the world is uncertainty, this would be a foolish time even to consider giving up Trident.

There is so much for us to talk about, but I want to talk about MOD policy on ranges. I pay tribute to uniformed and civil personnel in my constituency, and also to NHS staff—Salisbury district hospital receives wounded soldiers from Afghanistan—for their spinal, burns, orthopaedic and rehabilitation skills.

Last week, I visited the Hebrides range. It is all very well talking about policies and Afghanistan, but if we do not have the right sort of weapons, and if they have not been trialled to ensure that they are effective and efficient, we may as well go home. Ranges are important. In the end, we depend upon them. I am grateful to the Under-Secretary of State for Defence, the hon. Member for North Durham (Mr. Jones), and the hon. Member for Na h-Eileanan an Iar (Mr. MacNeil). I met the latter in the Hebrides, and his commitment to the MOD and QinetiQ work forces on the islands is beyond doubt. There was nothing party political on my part when I was there. I was attacked for cosying up to the SNP by the Labour candidate, but I will put that to one side because the matter is far too important to indulge in pathetic party politics.

I was immensely impressed on my visit by the determination of the people of North Uist, Benbecula and South Uist to sustain their communities and to ensure that young people stay on the islands. I was also hugely impressed by the vision of the head of the secondary school that the hon. Gentleman took me to visit, who seeks to focus the education provided by the school on the islands' future needs.

[Robert Key]

My interest in ranges stems from the fact that the headquarters from which all QinetiQ MOD ranges are managed—10 ranges and 10 other sites—is at Boscombe Down airfield in my constituency. I see the matter from both sides.

There was an unseemly little spat about the ranges in Scotland questions yesterday. Following suggestions that the range on the Hebrides might be rationalised and 125 jobs might be lost, the Secretary of State for Scotland said:

"We are very clear that the initial proposals were abandoned, that there is no plan B and that the jobs will stay."—[*Official Report*, 14 October 2009; Vol. 497, c. 278.]

Of course there is a plan B. If evidence were needed, I happen to have a copy of the invitation to the meeting held at Farnborough last Friday at 4 pm, with a list of those who attended, which states:

"This is a meeting to set goals for investment based projects that we expect to undertake now that IARO"—

integrated air range operations—

"is not going ahead."

There must be a plan B.

Back in July, the cost-saving investment proposals for the air ranges in the Hebrides and Aberporth were published, and we were told that it would be possible to operate both air ranges from a single command and control centre at Aberporth without loss of capability. That is by no means certain, as I have discovered by going to the ranges and talking to the people involved. It was said in the paper that the operational savings would amount to £4 million a year for the MOD. That is fine, but the Hebrides range's taskforce reports that the cost of job losses to the islands would be £5 million a year, and that the Government would lose £3 million a year in tax income and benefit payments. In other words, the MOD may not be responsible for the creation of jobs in the islands, but the Government have an overall responsibility for the consequences of MOD decisions.

When the MOD issued a press release on 15 September, following the decision, I was relieved to read the wise words of the Under-Secretary of State for Defence, the hon. Member for Grantham and Stamford (Mr. Davies), who said:

"I have taken into account the interests of the Defence budget, the social and economic impact on the community in the Western Isles, the future of St Kilda, and the risks which in my view would be involved."

Wise words. I discovered when I was on the islands that the National Trust for Scotland alone is likely to lose about £500,000 a year of benefits if the MOD withdraws from St. Kilda. There would be enormous costs to the community and the country if that happened.

Mr. MacNeil: I thank the hon. Gentleman for coming to my constituency to see the Hebrides range. Does he agree that while he was there he saw that no other range could do what can be done by the Hebrides one, which has a range the size of Scotland if not bigger, so the proposals are folly and stupidity of the first order?

Robert Key: Yes, I learned that and I learned too that while everything that is done at Aberporth could be done in the Hebrides, the majority of the work done in the Hebrides could certainly not be done at Aberporth.

Another thing that I learned from my visit was that the long-term partnering arrangements kept coming up—the great contract between QinetiQ and the MOD. QinetiQ's "VISION for 2013" on "Test and Evaluation Capability Services…2013 horizon" talks about the need

"to sustain organic growth"

and

"Expand market share in Sweden, France and Australia."

I looked a little further into that point. QinetiQ hopes to develop

"a facility management foothold in Sweden"

and to consider

"T&E support acquisitions in Australia and France".

The answer is that it does not have a long-term partnering agreement to worry about in Sweden, Australia and France. I wonder whether there is a plan somewhere to take work away from the Hebrides and give it to those three countries, which would not be in anyone's interest. I observe that some of the contractors on missile tests are testing missiles in Sweden and France. Thales is, of course, a French-owned company, so that is entirely natural, but I do not want to see the erosion of jobs and skills in the Hebrides to someone else's benefit.

It is not the job of the MOD to subsidise jobs or promote economic development, but if the defence budget cannot or will not pay, taxpayer support will have to come from somewhere else—probably the Scottish Government, perhaps the UK Government and perhaps the European Union. Is it true that the Minister's decision was based entirely on the socio-economic arguments? How big a part did those play?

I think that I have learned from my briefings, both at Boscombe Down and West camp on the islands, and from talking to a number of employees and others, that for technical reasons the cost-saving investment proposals are not as good an idea as they seem. I picked up the message that one of the problems with the long-term partnering arrangement is that no one who works within QinetiQ on the ranges fully understands it. Indeed, many of the staff who work within the LTPA are—I believe—forbidden from even seeing it. A culture of managerial dependency has been created. Managers, who have bloomed—in terms of numbers and salaries—have tended not to respond to changing military need. I feel that they might have stifled innovation, stamped on new business ideas and discouraged new customers, because they have such a constricting influence in the LTPA. That is a great shame. The cost-saving investment proposals, too, would undoubtedly reduce range capability, would take the jobs of the very staff who have kept it going over the years and would remove a potentially excellent training capability for the Army, including for the Royal Artillery, which still goes up there for Rapier training every year. It costs the taxpayer a great deal of money.

There are many technical issues here. For example, what would happen if the number of tracking radars was reduced from six to two or if they were withdrawn from St. Kilda? Those would all bring disbenefits on a substantial scale. All those factors lead me to say that it was a wise decision not to go ahead with the original proposals at this time, but huge technical and scientific issues still need to be resolved. The microwave links between St. Kilda and Benbecula, and between Benbecula and Aberporth are by no means certain and are definitely

unproven with many additional nodes in the system. For example, St. Kilda weather protection and repair is a huge unquantified cost. Simultaneous working between Aberporth and the Hebrides would not be possible—it would be one or the other, as far as I can see. I am very concerned, therefore, at a technical level.

Mr. MacNeil: I am very grateful again to the hon. Gentleman; he has been very generous in giving way. He is making some very strong points about the LTPA. However, the overriding message that came through from the Hebrides range taskforce exercise concerned the flaws in the LTPA and the constraints that it was putting on the Hebrides range. The upshot was greater cost to UK forces, which are having to exercise and train elsewhere. That is the bizarre spin-off from aspects of the LTPA. I should mention China Lake, which has been used by Lynx helicopters, I think. Does he think that the LTPA needs to be looked at quickly and properly?

Robert Key: Yes, I certainly do. That is an important conclusion: the LTPA needs looking at. Perhaps that is something for the defence review.

Mr. Quentin Davies: The hon. Gentleman is obviously very well informed, and I am delighted that he was able to visit the Hebrides and see for himself. He has certainly identified many of the very critical factors, and what he says about them is perfectly right. To answer his earlier question, of course I took into account the socio-economic factors when coming to my decision about the range, but they were not determinant. I decided against it on a balance of factors, including very much the financial and technical risks to us, some of which he has identified. I dare say that my decision will become a matter of public record under a freedom of information request before too long. When that happens, he will see that all those factors were taken into account. However, there was a strong defence case against proceeding.

Robert Key: I am grateful to the Minister for clarifying that point. I am sure he is right.

Finally, I want to make a plea: this is a fantastic range. It is the only one of its kind in the whole of northern Europe. We should have NATO partners flooding in to use it, but we do not. Why not? Why are our own contractors going to other people's ranges? This is a wonderful opportunity. It is not only a huge range, but the sort of missiles and unmanned aerial vehicles that we are using are getting heavier, going faster—supersonic—and with a bigger bang. We need a huge area to use them—we certainly cannot do it at Aberporth. This is a wonderful opportunity for the community on the islands to see an expansion of defence activity on the range, as well as an expansion of other economic activity, to sustain some of the most exciting and vibrant communities in the country.

3.59 pm

Mrs. Madeleine Moon (Bridgend) (Lab): I am extremely pleased to follow the hon. Member for Salisbury (Robert Key), who is a fellow member of the Defence Committee. I am disappointed that he was not able to join us on our recent visit to Washington to discuss a range of subjects. The visit was extremely valuable and has been mentioned by a number of my colleagues on the Committee in their presentations in the Chamber today.

It was extremely valuable to hear the range and depth of discussion about the strategy review being undertaken by President Obama. I disagree with my hon. Friend the Member for Merthyr Tydfil and Rhymney (Mr. Havard)—perhaps he was watching Fox News and I was watching the studio debates on the many other American television channels. I was impressed by the depth of some of the discussions in the media there and by the fact that the outcome was not predetermined and that people were willing to consider the pros and cons of various outcomes of the strategy review.

As has been said, my right hon. Friend the Prime Minister started Prime Minister's questions yesterday by reading out the names of the 37 servicemen who lost their lives while Parliament was in recess. It was a sombre reminder of the fight being undertaken by our military and highlighted their commitment and sacrifice, which everyone in the House and across the country should remember.

Also during the recess I had the opportunity, along with others, to attend a preview of a film, which was subsequently broadcast by the BBC, called "Wounded", which followed the processes undertaken by Tom and Andy as they returned to the UK, having been wounded in Afghanistan. The BBC had an agreement with the Ministry of Defence that it would follow the first two injured servicemen being returned. It had no prior knowledge of who those servicemen would be, where they would go or what their injuries would be.

The agreement was that the BBC would follow those servicemen as they returned to Selly Oak. If the families agreed, filming would continue, but if when the wounded person regained consciousness they said that they did not want to take part, the filming would cease and the BBC would restart with the next wounded person. Tom and Andy and their families both gave their permission for the filming to continue.

We should place on record our admiration for those two young people and their families. Their dignity, determination and sheer, unbounded guts exemplified our forces. They were picked at random, but they exemplified what we see day in, day out among the brave men and women who fight on behalf of this country.

We often criticise the BBC in this House. At times it is not our favourite institution, but for me that film also exemplified why we need the BBC. There was no edge to the film—it was honest and straightforward recording. The film told of a journey, of the hard work of all those at Selly Oak and Headley Court, and of the comradeship that gets people through. It was a wonderful piece of filming and it should be repeated on the BBC, because many people have missed it and would welcome the opportunity to see it.

However, it is possible to lose heart in our mission when we think about the troops we are losing. I cannot be the only Member who hears people asking why we are there and whether it is time we pulled out. I feel, however, that we must remain assertive and confident in our objective. We are there to end the safe haven provided to al-Qaeda and other terrorist organisations that threaten our freedom here in the west. The mission has not gone smoothly. The insurgents cannot defeat us militarily, but we can defeat ourselves. Uncertainty and a lack of clarity can dishearten our people and our allies, and embolden our foes.

[Mrs. Madeleine Moon]

Expectations when we entered Afghanistan were not realistic. We expected the coalition forces to roll in and blow the Taliban away, so that they would subsequently vanish and the job would be done. The terrain in Afghanistan is difficult—geographically and culturally. It is a unique tribal society with a culture vastly different from our own. There are numerous variations across the country, with ethnic, geographic and economic circumstances varying from one valley to the next. Many would say that, after 30 years of almost constant warfare, Afghanistan is a damaged society, in which many of the old tribal structures and relationships have also been damaged.

It was interesting to hear General McChrystal describe in his speech the problems associated with the digging of a well. He spoke of how the military's good intentions could cause huge political disruption, and his speech was important in highlighting the need for the new approach that we heard about in the strategy review in Washington, which described the need for consultation and the need to engage with the local community.

After eight years, we have reached a new stage in the war in Afghanistan—a stage at which we need to focus on supporting and defending the population instead of focusing on attacking and defeating the enemy. This means engaging, at political and community level, with the needs and priorities of the people of Afghanistan. That is no easy task. I welcome the deployment of an additional 500 troops to Helmand, but, along with extra troops from the UK and other NATO countries, we need a change of tactics. It is now time for counter-insurgency, and time for the Afghans to prepare to defeat the insurgency. This will require a combination of civilian and military efforts to contain and address the root causes of insurgencies and to reinforce the legitimacy of the Afghan Government at local, community, regional and national levels.

This is no cheap or quick solution; it is a long, high-cost strategy. Let us remember the years Britain took to develop its civil institutions, its legal system and trust in the police and criminal justice system. People in Afghanistan want much the same things that people want everywhere: jobs, financial security, economic growth, clean water, access to education and health, and the confidence to live their lives knowing that their Government are working to tackle corruption and crime while building security and stability. To achieve this, we need rapidly to increase the size of the Afghan security forces—both the army and the police—although I agree that there are issues of corruption within the police force.

We also need to connect more with the people we seek to protect. We need to respect the people we are there for. The Taliban are still not unpopular everywhere; they have proximity to some people and communities and are perceived in some areas to have the ability to provide some things, such as a basic rule of law. For many who support the Taliban, the main motivator is not ideology; it is hatred of the invader, inter-tribal conflict, revenge for military mistakes, or poverty and the opportunity to be fed and clothed.

The insurgents in Afghanistan might not have the capacity to defeat the allies through traditional warfare, but they can prolong the conflict and exhaust our public with the cost in human lives and money. Our task is to close down their safe havens in neighbouring countries and cut down their access to international information and funds. We may not totally defeat the insurgents, but we can reduce their threat to the Government of Afghanistan. Helping to build stability in Pakistan will be essential to do that.

Following the recent elections in Afghanistan, there are clear shortfalls that will need addressing. President Karzai's credibility and the level of corruption in his Administration must be addressed. Equally, however, we must not forget that tremendous progress has been made in our eight years in Afghanistan: infrastructure has been developed, roads constructed, clean water provided, health care has become accessible and millions of girls now receive an education, boding well for the future. It is not just a matter of dropping more bombs, sending more troops, using more drones or keeping our troops off the roads and in the air—it is more subtle than that.

People ask me how we will know that we have succeeded. It is not Jeffersonian democracy, but a sort of modern-day Magna Carta that we must leave behind—a sovereign Government who uphold human rights and basic freedoms, respond to the demands of their people, impose limits on their power over citizens and respect an independent judiciary. Public support in the west will not remain indefinitely, and the support is edging away, day by day, at present. The cruel irony is that, in order to succeed, we need patience, discipline, resolve, time and humility.

Several hon. Members *rose—*

Mr. Speaker: Order. At least eight Members are seeking to catch my eye, so a certain self-restraint is required of everybody contributing to the debate in order that everyone else who wants to is able to do so.

4.11 pm

Mr. Michael Jack (Fylde) (Con): The hon. Member for Bridgend (Mrs. Moon) rightly reminded us of the human dimension to all our defence debates. Yesterday's roll-call of honour of the 37 of our fallen servicemen who died while our Parliament was in recess is a chilling reminder of what we are talking about.

I am sometimes careful about straying outside what I call the comfort zone of the aerospace industry, about which I have acquired a detailed knowledge. I am always amazed at the expertise in the House in just about every area of defence, of which I have little knowledge, but I would like to spend a moment or two observing that we are in the run-up to a general election and that all parties are committed to a strategic defence review.

My observation on that is that we seem to be in an era of what I call entrepreneurial warfare, in which a man in a rubber boat can take out the USS Cole. Many in the House grew up at a time when the cold war was the prevalent threat—when there were big systems versus big systems and big armies were the answer to everything. We need to learn very quickly how to be much lighter on our feet in order to be able to respond to a world of continuing uncertainty. Who could have predicted that the use of commercial airliners as a weapon of war by those who attacked the US on 9/11 would fundamentally change what was done militarily over the previous decade, as witnessed by the invasion of Iraq and the current expedition in Afghanistan?

Many have sought to justify why it was right for us to participate in both those theatres and I accept the logic of what is put before us, but I would observe that in a world of 24/7 media coverage when members of the public have war thrust into their front rooms and see visions of the dead arriving back at Brize Norton, it adds a different dimension to how we need to debate the future of our defence policy. Members of the public are involved—and they are involving themselves, as witnessed by the strength of organisations such as Help for Heroes, which supports our forces—in a very different way than hitherto. Most people might have said that the annual poppy collection was the main way people showed their solidarity with the fallen and those who need help, but things are different now.

If we are to have a strategic defence review, all parties must in some way involve members of the public in understanding the purpose of defence. It is not just about the enemy offshore of the UK, as it takes in a global dimension. We must educate people to understand the purpose of our military expeditions. We in this place must be certain of why and when we want to intervene.

I hope that the debate on Afghanistan will reach some kind of conclusion shortly. If I were the enemy in this 24/7 world of the media and were listening to people agonise over whether we have the right equipment, whether we know what we are doing in Afghanistan and what is the reason for it, I would be rubbing my hands with glee. That is what the enemy must be doing, because they are receiving the message that the people whom they regard as their enemy do not have a clear clue what they are doing. They are ill equipped, they have no strategy, and they are falling out with each other. This thing called NATO is not working. All that must give the enemy tremendous encouragement

The sooner we coalesce around a plan and make it work, the better, because that will provide the platform on which the strategic defence review will take place. What slightly worries me about the SDR—and I have noticed this so many times in the House—is that when a convenient event in the future allows us to shovel all the difficult issues of today on to tomorrow, we tend to over-egg what an SDR can do. If we were so imbued with brilliant foresight, we would be continually adjusting the way in which we run our armed forces and our defence policy so that we would know what was around the corner. We would adjust our procurement, and so forth. These one-off long gaps between one SDR and the next push to the very limits the credibility of how far we can see into the future.

If there is one thing that I have observed, it is that in a world of entrepreneurial war in which the enemy is light on its feet and capitalises on weakness, it tends to say—the improvised explosive device is but one example of this—"We do not have the big systems, but we do have a very effective way of disturbing the enemy." We therefore need to be flexible, innovative and technologically clever. We need to be able to move in and out of theatres quickly, and that requires helicopters and lift capacity. We need equipment that gives us mobility and flexibility. The amount that we will need in the future is a question for experts, but those seem to me to be the key elements that perhaps distinguish the future from the past, when we bought big chunks of kit because we were dealing with a very different situation.

Mr. Ellwood: My right hon. Friend is advancing a powerful argument in explaining why the military need to move forward and understand the threats of the day. I am pleased that the procurement Minister—the Under-Secretary of State for Defence, the hon. Member for Grantham and Stamford (Mr. Davies)—has returned to the Chamber. Does my hon. Friend agree that the invention used by the Germans and the Americans, vehicle-bound radar, needs to be procured immediately for our troops in Afghanistan?

Mr. Jack: Indeed. My hon. Friend has made a good point. Technology will play a vital part in future warfare. Future warfare will not necessarily be in the Afghanistans of this world. For example, we recently saw the Russians involve themselves in cyber-warfare against Estonia. We do not have debates about cyber-warfare in the House, because it is not something in which we appear to be directly involved, but it is just as much of a threat to our systems in this country as what I might call the more conventional manifestation of warfare.

Mr. Brazier: This is, of course, one of the reasons why we need more citizen forces. Civilian technology is always well ahead of military technology.

Mr. Jack: I defer to my hon. Friend's knowledge, because he knows a great deal about these matters, but in any case I agree with him. Lord Drayson is a good exemplification of the way in which a bridge was built between industry and the Ministry of Defence to create a good rapport over the use of technologies.

Someone who knows a great deal more about defence than I do has said that, whatever the scenario, in the first instance we should send the enemy the message that we have what he described as a terrifying response. In other words, we say to the enemy, "If you have a go, you too will get more than a bloody nose in return." That means that in some circumstances we do have to have the big kit with the big hit, but the terrifying response can manifest itself in many ways. We need to be flexible as we approach the next strategy defence review.

It will not surprise you to learn, Mr. Speaker, that I want to spend the remaining moments of my time considering the aerospace industry. Over the summer there were some dispiriting reports. Now that the Government have at long last decided on tranche 3 of the Eurofighter, people are saying that when Eurofighter comes to an end, BAE Systems Warton in my constituency—the home of military aircraft production and expertise in the United Kingdom—will close. Many people have been deeply worried about that. I say to my own Front-Bench colleagues that some of their observations and attitudes towards a number of defence projects have also caused worries; the idea of a review of the Eurofighter Typhoon project has created an air of uncertainty, for example.

It would be helpful if the Government spelled out the penalties that will result if people go monkeying around with what has been agreed. The RAF will not get the 232 aircraft that were originally committed to. A number of those aircraft have been sold to a very good customer: Saudi Arabia. If we carry on having this kind of dialogue, in which people across the political spectrum undermine the Eurofighter, we will miss out on a tremendous

[Mr. Jack]

opportunity. It has been calculated that there is a market of some £90 billion-worth of ageing fighter fast jet capacity that will need to be replaced. The alternative to the Eurofighter is the much more expensive United States F-35 joint strike fighter. I would far rather the Eurofighter Typhoon consortium had the benefit of those orders, but unless we get behind the aircraft and show commitment towards it, we will not realise that opportunity.

This is important not from the point of view of jobs alone, as the Eurofighter Typhoon sustains the technology base that is our aerospace industry. I was delighted when the Secretary of State talked about the deployment in the Afghanistan theatre of HERTI, an unmanned air reconnaissance vehicle. I am delighted that a piece of technology that was manufactured in short order using relatively simple aerospace technology but very advanced electronics is now playing a part in Afghanistan and showing the way forward.

Mr. Quentin Davies: I think the right hon. Gentleman will find that the Government are a much better friend to him on this subject than his Front-Bench colleagues. As with carriers, we are completely committed to Typhoon tranche 3. We are going ahead with that—we are on contract for it—so his constituents have work now for the next four or five years even if there are no export orders. We are going for more export orders, however; I shall visit Japan next week on precisely that subject.

Mr. Jack: I am delighted that the Minister is pursuing the Japanese option, but in fairness to my Front-Bench colleagues they did insert an important caveat into their observations. They admitted that they may not be privy to what the Minister is privy to, which are precisely the clauses that would readjust the work-share to the disadvantage of the United Kingdom and on the compensation that would have to be paid. Now that they are aware of that, they might take a revised view. It is not fair to criticise the Opposition for wanting to question the decisions of a Government who at times have been found wanting in the world of defence, as many speeches in the course of this debate have shown.

The underpinning of our aerospace industry gives us the opportunity to go beyond the HERTI aircraft. The Government and BAE are working on a further exemplification of an unmanned air system known as Mantis, a much more advanced system that might ultimately be developed into an offensive capability. That illustrates the future of our aerospace system. We need to maintain this expertise in the UK. I hope the strategic defence review will recognise that in spite of the temptation to buy something that somebody else makes, there is a very good case for having our own capability in certain strategic areas. Mr. Deputy Speaker, if the Government can recognise that naval architecture and the building of ships—*[Interruption.]* I apologise, Mr. Speaker, I would not want in anyway to downgrade your recently elevated status. We must maintain the strategic capability in aerospace, just as it is recognised that ship construction is also a strategic capability for the United Kingdom.

It would be helpful if the Government were to repeat the BAE acknowledgement that BAE Warton is effectively the only military airfield with a big enough runway to deal with everything from Tornados and Typhoons through to the Nimrod MR4A. It has got the telemetry equipment, the people and the necessary expertise to sustain an aerospace industry that in the north-west accounts for some 40,000 jobs—and directly in terms of Eurofighter Typhoons some 4,000 jobs—as well as another 10,000 jobs in the subcontracting industry. It is an industry of which we can be truly proud, because without the technology that came from the Eurofighter Typhoon we would not be involved in the joint strike fighter project and 10 per cent. of the work of that project would not be being done at Samlesbury in Lancashire. There are not only good military reasons for these systems, but good economic outcomes for the United Kingdom. I hope that the need to maintain technological excellence will be one of the key factors that will inform the strategic defence review, whomsoever—I hope it will be the Conservatives—form the next Government.

4.25 pm

Mr. Richard Benyon (Newbury) (Con): May I start by asking you, Mr. Speaker, whether you had a moment to read the first few lines of the speech made by my hon. Friend the Member for Salisbury (Robert Key), because many of us are going to be squeezed for time? I shall, thus, try to cut short what I was going to say in order to allow others to get in.

I wish to draw the House's memory back to July, when, in one horrendous day in Afghanistan, five members of 9 Platoon, C Company, 2nd Battalion The Rifles were killed. Many years before that, I commanded 9 Platoon, C Company, which was then in the 1st Battalion The Royal Green Jackets. July was a very intense time for me, so what must it have been like for the families of those who were wounded, the families of those who were killed and the general family of the regiment at that time? It must have been too awful to contemplate. It was deeply depressing at that time to hear Ministers say that those deaths and injuries were not caused by a shortage of helicopters. That is technically correct, but we all know, as does anyone who has been involved with the operations in this part of Afghanistan and as do their families, that if we had even a fraction more lift per head of people deployed, which is enjoyed by, for example, the United States forces, we would be able to have a much wider footprint in that area and we would be able to be unpredictable. Thus, we would be able to dominate the ground and limit the opportunities for the enemy to create this awful daisy-chain network of improvised explosive devices that has been so damaging to our young men.

I get the big picture of what we are doing in Afghanistan—I understand all the arguments made this afternoon by more eloquent people than I about the need to create stability in the region and the risks of getting this wrong. However, I have had to work pretty hard to get my head around it, and I am certain that many people outside this House do not understand what we are doing there. The Government have a major job to do to get the public to understand the importance of our mission there.

It was brought home to me more recently—just the week before last, when I went to the Selly Oak facility—how difficult it is to raise one's mind above what is happening to the young men and women whom we are sending to

serve in this part of the world. I join my hon. Friend the Member for Mid-Sussex (Mr. Soames) in paying tribute to the Defence Medical Services. Particular praise should go to Brigadier Chris Parker, who has revolutionised Selly Oak, along with others before him—he certainly would not want me to label him as being the only saint, because there are a great many. It is a remarkable place to visit, and we must understand that he is fighting in that unit every bit as operationally as those right on the front line in Afghanistan.

I also visited Norton House, the Soldiers, Sailors, Airmen and Families Association—SSAFA—accommodation for families, and I pay tribute to its wonderful atmosphere and to the wonderful people who run it. Most of all, I pay tribute to the way in which DMS has embedded itself in the hospital trusts in Birmingham—we should understand that we are not only talking about Selly Oak hospital, but a range of facilities. Such embedding is entirely the right policy and it should have the universal support of everyone in this House. I also pay tribute to the support that now exists for the development of the Army recovery centres, and I speak as a trustee of Help for Heroes, to which some hon. Members have been kind enough to pay tribute today.

Such support offers a further opportunity to address some of the points made by the hon. Member for Bridgend (Mrs. Moon) and others: we must not only look after people when they are recovering from their wounds, but remember that we must give them lifelong protection, because the latent mental health repercussions of injuries might need to be revisited. I am full of admiration for the development of that new concept of care.

We have to understand that those who are serving in Afghanistan are having to dig pretty deep into the manual that they perhaps have not looked at since they were at Sandhurst, but that is part of their DNA. I think that it is called "Serve to Lead". They have to dig pretty deep in leadership terms at battalion level, company commander level, platoon level and even section commander level. They are having to think very hard about ways of motivating their men to do extremely dangerous work. It is remarkable what they can achieve. I heard, for example, of a platoon commander who had to buy a goat from tribesmen in order to ensure that his men had enough to eat. I am not criticising the Government—when one is on operations, one has to make do. I know that from experience. When re-supply does not happen, one has to think and to think fast. Some remarkable things—

Mr. Ellwood: Will my hon. Friend give way?

Mr. Benyon: My hon. Friend served in the same regiment as me, but I will not give way as there is simply not time.

These men have to continue patrols, checking and clearing compounds in extremely hazardous circumstances. All the time, their families are worrying about them. I cannot pay more tribute to any group of people than to those who man the rear parties of serving units. Rear parties are doing heroic work, and they have to do some of the most unpleasant work when informing families that people have been killed.

A friend of mine's son arrived back in Camp Bastion yesterday after six gruelling months in one of the forward operating bases. Of his battle group, 22 members have been killed and 80 have been aero medevaced back to the UK. Let us contemplate what it must be like for the parents, girlfriends and wives of the 9,000 people we have serving in Afghanistan at any one time. By rough calculation, I think that that is about 50,000 people, but it probably rises to about 100,000 when we take in siblings and close friends. That cohort rolls over every six months as we deploy more people, and so more and more people must go through that awful experience. We have to understand their concerns. I pay tribute to the words of my hon. Friend the Member for Woodspring (Dr. Fox): the Government have a great responsibility to articulate what our men and women are doing there. It is a major educational role, a public relations role and a moral role to explain to a sceptical public why this is important and what these young men and women are doing.

For that group and for the wider group who are concerned about the issue, we need to consider the tactics that are being employed. General McChrystal, like General Petraeus and others before him, comes to us as an intellectual and thoughtful person who needs to be listened to. When he says that ISAF is poorly configured for counter-insurgency operations, we need to listen to him. I think that we are listening and I hope that the President of the United States is, too.

Can we reassure a sceptical public that the ink spots that we are all told about can be joined up and, once they are joined up, can stay as one large ink spot rather than being fragmented? Have we not learned from the Boer war that single strong points do not secure the ground? Securing the ground is about DFID getting out there and building not only roads but mosques, schools and hospitals. We all know what that means in terms of counter-insurgency.

Counter-insurgency is hard pounding. I know a little about it—I did it for two years as part of a counter-insurgency operation that took 30 years and which had nothing like as high an attrition rate as the current operation. When parents come to my surgery and say, as one did recently, "My son is in a forward operating base doing exactly what his brother was doing in that forward operating base two years before. We are not getting anywhere," I have to say, "Counter-insurgency is like that. We have to work hard, but we must work harder and have a bigger footprint." I understand the frustration, and the determination.

I was a Green Jacket and I was therefore weaned on a book called "Gangs and Counter-Gangs", written by General Frank Kitson in 1960. When my hon. Friend the Member for Woodspring talked about the need to get defectors as our first priority, he could not have been speaking more readily than to someone who understands it from that precise point of view.

I shall finish by quoting the Kiplingesque words that Lieutenant Colonel Rob Thompson used in his description of the July day I referred to at the beginning of my remarks. He said:

> "We turned to our right, saluted the fallen and the wounded, picked up our rifles and returned to the ramparts.
>
> I sensed each rifleman tragically killed in action today standing behind us as we returned to our posts and we all knew that each one of those riflemen would have wanted us to 'crack on'."

[Mr. Benyon]

At the heart of all our debates about the Government of Afghanistan, the work done by our wonderful forces and the tactics that we seek to get them to employ is the staggering courage shown by our young men to "crack on" as they step over the blood of their comrades.

4.35pm

Mr. Julian Brazier (Canterbury) (Con): I cannot pay my hon. Friend the Member for Newbury (Mr. Benyon) enough of a tribute for the remarkable speech that he has just made.

Mr. Soames: Brilliant.

Mr. Brazier: In fact, we have had several outstanding speeches, including the one by my hon. Friend the Member for Mid-Sussex (Mr. Soames).

The bulk of the debate has focused, rightly, on Afghanistan, and I want to put on record how incredibly proud the men and women of Canterbury are of the 5th Battalion the Royal Scottish Regiment (Argyll and Sutherland Highlanders), who were recently given the freedom of the city, and of our own Territorial Army unit, the 3rd Battalion Princess of Wales Royal Regiment. In recent deployments, the Argylls had one killed and several wounded, while one Territorial was severely wounded.

Many years ago, when I was slimmer and fitter, I was privileged to serve in the Territorial Army for 13 years. Before the debate, I looked for my regimental tie in my palatial second home—over the Elephant and Castle public house—but I seem to have lost it. Nevertheless, I want to focus on the crisis facing the TA as a result of the deeply unwelcome decision that has been made by the Government.

At one point during the deployments in Iraq and Afghanistan, reservists—most of them Territorials—accounted for one fifth of the force in Iraq and for one eighth of the force in Afghanistan. Given that our reserves are very small—they make up only one fifth of our total manpower—and that they are people with civilian jobs, that is truly astonishing. A total of 15 Territorials and one air reservist have been killed in the operations.

These people did not come from nowhere. They did not walk off the street. Most were people with busy civilian jobs, but they chose to spend their evenings and weekends in draughty drill halls and on exercises to prepare for deployment. Often, that choice compromised their civilian careers and their family lives, and the same can be said for the many people involved in training them who did not themselves get the opportunity to deploy. I cannot stress enough how much the TA will be devastated if it really turns out that, for five and a half months, there is no training for anyone apart from those due to go on operations.

The essence of any voluntary organisation—be it a charity, a football club, a political party or part of the volunteer forces—is that it has to be led by high-quality people willing to make the sacrifice year in and year out. The Government's proposal sends an appalling message.

I have a huge regard for the hon. Member for Harlow (Bill Rammell), who is Minister of State, and for the Secretary of State. They have been generous to my all-party group and given us privileged access. We are just negotiating a date for the Minister to come and address us. For that reason, I very much hope that he will be able to take the edge off that appalling proposal.

Earlier, I was one of the people who pointed out that Sir David Richards was a regular. I have never been privileged to meet him, but I know quite a number of people who know him well. Every one of them believes him to be a really outstanding soldier. His command of the operation in Sierra Leone—one of the comparatively few wars that we have participated in to have been swift, successful and extraordinarily well handled—was a model.

The fact remains, however, that generals advise, Ministers decide. In 1921, Sir Henry Wilson was an extraordinarily distinguished predecessor of Sir David Richards. He had been Chief of the Imperial General Staff since the final year of the first world war. As Secretary of State for War, Sir Winston Churchill, who then suffered under the considerable disadvantage that he was deeply unpopular because he had been blamed for the Dardanelles campaign, faced down Sir Henry Wilson when he proposed disbanding the Territory Army and flatly told him that he was wrong.

Much more recently, we have had two very clear indications of the absolute inability of the Regular Army to handle the TA—one was the catastrophic shambles of the way in which the mobilisation for the Balkans campaign was handled. Just after the decision was taken to make a huge cut in TA numbers, vast numbers of Territorials received the most disorganised call-out notices. Unbelievably, the same thing was repeated in the first stage of the Iraq conflict. That was why the Government took the very wise decision to have a two-star officer who was a Territorial with a civilian job to advise them, so that they got advice directly from the horse's mouth. The Duke of Westminster was the first holder of the post.

I should like to make a wider point, although I am conscious of the time. Again and again, we have failed to understand where the next threat will come from. In 1914, the Commons and the country were gripped with a sense of crisis because Ireland seemed to be sliding into war, with arms being raced into both Protestant and Catholic communities. Only at the very last moment, we realised that the real threat to the country came from the continent. A week before the Argentine invasion of the Falklands, most people in this country had no idea that we even had a garrison there. Three months before Saddam Hussein invaded Iraq, we heard restated that there was no question of sending armoured forces out of area. On 10 September 2001, anyone who had said that we would go to war in Afghanistan would have been thought out of his mind.

The truth is that we must keep capabilities alive that are not needed on current operations—that is absolutely fundamental—and when we face desperate pressures on the defence budget, reserve forces are the best way of doing so. There is no reason why the Navy's mine-clearing capability is all manned by regular naval personnel. Historically, the vast majority of them were reservists. There is no reason why we should not have one or two armoured brigades in the Territorial Army. Do we really believe that we will deploy Regular Army air defence units in the near future against an opponent with a superior air force? We need all those capabilities

and they could be provided much more cheaply in the reserve forces, but they need the opportunity to train at evenings and weekends and be paid to do so.

I should like to make one last point. Time and again, we hear about the shortage of helicopters—it is one of the most pervading themes of every discussion on Afghanistan—and often it appears that it is mostly about a shortage of pilots and technicians, rather than machines. It is not just astonishing; it is scandalous that we are trying to man our helicopter force almost entirely with regular pilots, when the Americans provide nearly half their air capabilities from reservists. We have a vast number of ex-regular helicopter pilots from all three services in the civilian community, most of whom continue to earn their living by flying helicopters. It is time that Ministers brought their regular advisers to book on that and told them that they must introduce a plan, and if they do not, they should bring in Americans to advise them on how to do it. The fact that one pilot—astonishingly, a RNR officer—is in Afghanistan, manning an Apache, which is far more removed from civilian capabilities than medium-lift helicopters, shows that it can be done in principle. It is time that it was done.

I want to leave room for other colleagues. However, I will say that all of us are proud of what is happening in Afghanistan, but we must never lose sight of the need to keep other capabilities going, and we need our reserve forces for that, too.

4.44 pm

Mr. Hugo Swire (East Devon) (Con): I join others in paying tribute to all those who have lost their lives recently in Afghanistan, not least Guardsman Jamie Janes of 1st Battalion Grenadier Guards, in which I served, who died tragically on 5 October in Nad Ali district in Helmand province while on foot patrol. Our thoughts are with their families and regiments.

Nobody who wishes to do anything other than understand what is happening in Afghanistan could do any better than read the quite excellent speech that General McChrystal gave recently to the International Institute for Strategic Studies, in which he attempts to give a comprehensive view of the situation and dispels many of what he calls the "bumper sticker" truths about Afghanistan.

Those of us who were in Helmand province during Operation Panther's Claw will realise how important boots on the ground are, and how welcome the announcement of 500 extra troops is, despite it being some way off the number for which the service chiefs asked. That pales into insignificance against the awaited decision from President Obama about whether he will have a further surge to provide far more manpower in Afghanistan.

With the Canadians due to pull out and many of our coalition partners refusing to undertake what I would call active service, there is a concern that the burden of operational duties will continue to fall disproportionately on the UK, the Americans and some of our other allies. We need to watch that situation very closely.

The Secretary of State's announcement that Merlins are shortly to be dispatched—finally—to Afghanistan is nothing other than welcome. The great enemy of our troops, the IEDs, continue to cause a real problem, and it would be interesting to know whether the amount of fatalities and wounded that we have had from IEDs is due to our troops going out to the forward operating bases, which they should most properly do by helicopter, or, as the Government would maintain, their going out from the FOBs on foot patrol.

There has been some misunderstanding during the discussions about vehicles in Afghanistan. Of course we need new and different vehicles, but we need also a range of different vehicles to suit different terrain and operational duties. A heavily armoured American vehicle might be all very well for going down the road, and would offer better protection against an IED, but it most likely would not be able to go off that road if, as a result of an ambush, it needed to.

The surge in growing the Afghan national army must be the right way forward, although the figures are ambitious and the training will take longer than we expect. We were lucky to see some of the Afghan national army training while we were out in Helmand, and I ask the Secretary of State whether there is any plan to bring some of the officers or the most promising potential officers to the UK to give them accelerated courses from which they might benefit.

The Afghan police, as important in so many ways as an Afghan national army, present problems of their own. I said yesterday that we need to create a genuinely national Afghan police, but many refuse to serve outside their local communities, and when they become police in such communities it is tempting for them to become involved in corruption or extortion, or their extended families benefit. That is a real problem for a general, national Afghan police force.

When I was in Camp Bastion, the first-class medical facilities that we saw at the hospital impressed me almost more than anything else. Unfortunately, we were there when several of our troops were "casevaced" back to camp. We were shown around by an excellent Royal Navy surgeon commander, who told us how many specialists one would have if one arrived at his hospital—far more, he said, than anywhere in the private sector or the NHS. I suggested that the reason why we might find so many specialists on duty there was that there were no golf courses nearby, which is where one finds most specialists in the United Kingdom when one needs one. However, they were all incredibly well trained, the hospital was immaculately clean and, I should point out, a good proportion of them were reservists. I say again to the Secretary of State and Ministers: please do not underestimate the importance of reservists in the Territorial Army. Of course, when invited to make cuts of one sort or another, the generals and those in the higher echelons of the regular armed forces will try to make cuts to the TA. That is only natural, but it is to be resisted. In my part[illegible], in Lympstone, there is a commando training camp at which reservist Royal Marines are trained up to slot into positions vacated by the regulars. In the field, no distinction is made between a regular and a reservist, and that seems to be an increasing pattern in many of the other sectors of the armed forces.

It is really short-sighted of us not to continue the TA training. That training is rotational; we cannot just stop and start the TA, or its soldiers will fade away and do something else. We have to keep it going. At the moment in this country we have the luxury of higher numbers of people entering our armed forces than has been the case

[Mr. Hugo Swire]

for a long time; the same is happening, I think, in the United States. If people see on a piece of paper that Army recruitment is doing so well, I can understand why they might be tempted to run down the reservists. However, we are in the middle of a recession and that is why the figures are so high. One day we will get out of that recession and the figures will drop away. We will then rely once more on our reservists, but may very well find that they are just not there.

I want to make a quick comment about those who are left behind and those who come back. The Secretary of State ended his speech by saying that we must give our armed forces the best support that we can give them on an enduring basis. Yesterday at Prime Minister's questions, my right hon. Friend the Member for Witney (Mr. Cameron) asked the Prime Minister about better facilities and monitoring for our armed forces. He said:

"In the United States veterans are contacted regularly, even decades after they have served. Does the Prime Minister agree that that should happen here as well?" – [*Official Report*, 14 October 2009; Vol. 497, c. 290.]

Again, we are seeing reports that disproportionate numbers of people retired from the armed forces are homeless on the streets of London. York university research from 2008 has shown that on any given night there are 1,100 homeless ex-service personnel in London alone. The armed forces provide a structured environment – very often the only structured environment that many of these men and women have ever known. When that is suddenly taken away from them, they are on their own and cast into civvy street. Many of them find it extremely difficult to adjust.

Additional to that is the whole issue of mental health. Between January 2003 and December 2006, 2,333 regulars and reservists who served in Iraq during Operation Telic were managed by the Defence Medical Services for mental illness attributed to their deployment. In 2007, 1,898 new referrals to the MOD's departments of community mental health were diagnosed with a mental health disorder and had served in Iraq, Afghanistan or both.

The *British Medical Journal* reported that of those UK troops serving 13 or more months in the theatre of operations, 5.2 per cent. suffered from post-traumatic stress disorder. Some 21.8 per cent. suffered from psychological distress and 23.9 per cent. suffered from severe alcohol problems. This month, the centre for suicide prevention at Manchester university looked at people leaving the armed forces and found that veterans were at increased risk of suicide.

As part of the military covenant, the Government have made moves that I welcome. They have appointed a Minister for veterans and established Veterans day; I was proud to take part in Veterans day in my constituency. However, I still do not believe that we are doing enough to look after those men and women, who have given more than any of us in the Chamber, when they come home and have served their purpose. Underlying the military covenant should be an unspoken contract: people serving in the armed forces for whatever period will be supported during their training and service—and for the rest of their lives, if that is what they require.

My right hon. Friend the Member for North-East Hampshire (Mr. Arbuthnot), the Chairman of the Defence Committee, raised the question of homelessness and whether we should look to provide local authorities with a special housing allowance. I had one such case in my own constituency, where a serving soldier wanted to come to Exmouth but was registered in Bulford camp, where he had served, and it turned out that there was no extra money to get him to the top of any housing list. That is wrong: returning soldiers who want to go back to their original homes should be enabled to do that. That might mean giving some ring-fenced money to local authorities to accelerate the process.

The situation in Afghanistan will continue for some time. We will no doubt be deploying more troops there, some of whom will be reservists. I again urge the Government to reconsider how we train and look after reservists and to redouble their efforts to look after those who are in need of our support when they can no longer support themselves.

Several hon. Members *rose—*

Mr. Speaker: Order. With four Members still seeking to catch my eye, some trimming of speeches will be required if everyone is to get in.

4.55 pm

Mr. Robert Walter (North Dorset) (Con): This has been a very good debate with some excellent speeches, particularly on Afghanistan. I do not want to dwell too much on Afghanistan save to say that in May I was in Kabul visiting ISAF headquarters and Afghan Ministers. Having previously been in Kabul about two years ago, I came away very depressed by the deterioration of the security situation in the area—it had got significantly worse in the intervening period.

I want to deal with some wider long-term defence issues as regards the projection of British foreign policy through our armed forces and our common interest with our European neighbours, particularly France. More specifically, I want to discuss how European members of the alliance can make a greater contribution to our collective defence.

Before I do that, I want to deal with a technical issue that is affecting the security and safety of our servicemen and women. European nations that are members of both NATO and the EU can deploy in the same theatre under different commands—EU or NATO—and find that they cannot communicate with each other. That puts the security and lives of our men and women significantly at risk. I have raised this before with regard to Operation Atalanta, the anti-piracy mission off the coast of Somalia, where ships of NATO nations acting together under EU command cannot access NATO communications and intelligence systems. It is plainly daft that they cannot communicate with ships of the same nation that are acting under NATO command or combined taskforce—CTF—151.

In Afghanistan, NATO nations participating in the police mission under EUPOL are denied access to the NATO identification system, known as "blue tracking". In a recent meeting that I had with General John McColl, the NATO deputy supreme commander, it was evident that this is seriously endangering the lives of

men and women on the ground. There is a similar situation in Kosovo, where NATO security forces cannot communicate with EULEX, the European Union rule of law mission; again, that puts our men's and women's lives at risk. In theory, the Berlin-plus arrangements should make such a situation unnecessary, but the breakdown in political dialogue between the EU and NATO means that our military commanders are continually frustrated by this fundamental flaw whereby our men and women serving the same nation's armed forces cannot communicate with each other. I say to the Minister that this simply cannot go on.

I want to examine longer-term defence issues. Last year was 10 years after the St. Malo accord between President Chirac and Prime Minister Blair, and this year is 10 years since the inception of the European security and defence policy. It is clear, particularly to France and the United Kingdom, that the ESDP is not "défense Europe". Common foreign and security policy under the EU banner is not collective European defence. It is not and cannot be, under either the existing treaties or the Lisbon treaty, the strategic defence pact that protects our continent or projects the foreign policy of France, the UK or any of the other major nations of the EU. Nor can it be the vehicle for Europe's contribution to the security of our continent or our collective contribution to the Atlantic alliance.

I do not wish to deny the achievements of the ESDP or the useful role that it plays in both conflict prevention and crisis management, but I do not believe that its role is simply in civilian operations either. It has a key role to play in military as well as civil operations—in peacekeeping and peace enforcement, and in challenging threats to our security and that of our friends. The operations in Bosnia, Congo and Chad and the current anti-piracy mission off Somalia are testament to that. Interestingly, the two current EU military operations are both commanded by British commanders. However, the ESDP is not, in its current form, the European pillar of the Atlantic alliance, nor is it capable of defending us against any significant external threat or of projecting the foreign policy objectives of member states.

Let us be clear: the French Republic wishes to project its own foreign policy objectives, as do the United Kingdom Government. One tool available to each of those nations is its armed forces, including their respective nuclear deterrents. Their defence policy is an extension of their foreign policy. As Europeans, we hope and pray that our foreign policy objectives are not in conflict. In fact, we devote a considerable amount of time and effort to arriving at common positions, and we earnestly wish that from time to time they should be common European positions. We do so not in opposition to our major ally, the United States, but in our own interests as partners of the United States. In military terms, we should do so as the European pillar of the alliance. Those are our aspirations, but as a continent as a whole we fail quite miserably to deliver.

In the 21st century, the largest economic bloc in the world should not depend on the United States. It should be allied to it and an equal partner to it, and it should be able to defend itself and look after the security of its own region. That position is pro-NATO and pro-Europe. It is a challenge, but as British politicians we should be talking to the French, because between us we spend 60 per cent. of the defence budget of the EU. We together could form the core of a "défense Europe", but in both our countries our aspirations go beyond our budgetary capabilities. We must co-operate, and we must bring our European partners with us. Collectively we have the technology, the manpower and the industrial skills. It is not a choice between NATO and the EU—we are in both. It is a matter of whether we want to continue to project our values to a wider world through our foreign and defence policy. We can do that only if we work together.

My point is simple. It is now generally accepted that the ESDP is not, and cannot be, European defence. If in the long run, in these difficult economic times, we are to continue to have the ability to project foreign policy through our armed forces, and if we are to cajole and coerce our European partners into making a significant and fair contribution to the alliance and to our common defence, that will not come from Brussels. It will not be an EU initiative. The UK and France are medium-sized powers—just. If that is to continue, they will have to work together and bring with them sometimes recalcitrant European partners. The alternative is that China, India and Russia will overtake us in influence and we will for ever be dependent on the United States for our defence capability. We are perfectly capable of providing that capability for ourselves, and we owe that to the alliance, to the United States and to the British people.

5.4 pm

Mr. John Baron (Billericay) (Con): I rise because, of the 37 names that, sadly, the Prime Minister read out yesterday, five were those of fusiliers of my regiment. My thoughts, and, I am sure, those of the House, are with their families and friends.

It will be no surprise to the Minister that I revert to Afghanistan because it currently dominates our defence thinking. Let me start by briefly making the obvious point that soldiers buy time and space, but politicians must provide the political solution. It was true in Northern Ireland, it is true in Iraq and it will be true in Afghanistan. I urge the Minister and the Government not only to explain to the British electorate what we are doing in Afghanistan, but to use their offices as best they can to try to find that political solution. Without it, our forces become simply occupying forces, with no end in sight.

After eight years in Afghanistan, on any objective measure, we are not succeeding. Poppy production has soared from 2001 levels. The worry is that the profits are finding their way to funding insurgency. According to the United Nations, it is no coincidence that, despite record production levels, the price of opium has not fallen. That leads the UN to believe that stockpiles are being created to fund insurgency.

Meanwhile, women's rights have not been helped. If anything, because of laws that have been passed in recent years, women's rights and liberties have been eroded. The Afghan Senator Namati has accused President Karzai of being worse than the Mullah Omar Taliban junta on protecting women's rights.

Then we have the election. If anyone believes that the election has any credibility, they need to look again at how and under what conditions it was fought. There were reports by independent observers that the ballot boxes were already full of returned voting slips before they were opened to the voters. That does not help matters.

[Mr. John Baron]

As General McChrystal said in a welcome speech at the International Institute for Strategic Studies, the position is deteriorating, and victory will depend not on killing more Taliban fighters but on winning people's confidence. Too many Afghans are alienated by President Karzai's widespread corruption. We need a political plan and solution. The election did not achieve that and the soldiers cannot achieve it—it is not their job. We hear nothing from the Government about the political solution. In effect, we have a vacuum. While it continues, the troops are nothing more than an occupying force, with no end in sight.

While we try to find a political solution, we must ensure that our forces are fully resourced and up to strength. When I intervened on the Secretary of State, I drew parallels with Northern Ireland—at the height of the troubles, there were 20,000-plus troops there; in Helmand province, despite American support, we have only up to 10,000 troops with the latest deployments. Even more important, the lack of helicopter support means that perhaps too many troops are being put unnecessarily at risk because they should be flown to their destinations rather than transported by road. Until we get that right, and despite the talk of more helicopters, we are well behind the American forces' ratio of helicopters to troops. That must be examined. It is no coincidence that the percentage of American casualties accounted for by IEDs is significantly lower than it is for British casualties. Helicopters have a key role to play in that.

I am trying to be brief because others wish to speak. The bottom line is that while we are trying to find a political solution, we must resource our troops properly. I urge the Government to do more to find such a solution. Politicians alone can do that; soldiers can only buy time and space. If the Government get requests from the military on the ground, they should listen to them. They should ensure that we properly resource, through manpower and equipment, our commitment to the region. As Brigadier Butler put it, we should either go deep, go long or go home.

5.11 pm

Ann Winterton (Congleton) (Con): I pay tribute to our armed services, their families and those who have fallen in the service of this country. I believe that the reservists have received a body blow in the cuts that have been announced. In his excellent speech, my hon. Friend the Member for Mid-Sussex (Mr. Soames) outlined where defence savings could have been made that would have ensured that the reservists went from strength to strength.

Referring to Afghanistan on 3 October, the new Chief of the General Staff, General Sir David Richards, said:

> "Failure would have a catalytic effect on militant Islam around the world and in the region because the message would be that al-Qaeda and the Taliban have defeated the US and the British and NATO, the most powerful alliance in the world".

I am sure that everyone agrees with that statement. We cannot spin ourselves out of failure this time as we did when we came out of Iraq.

Taking on conflicts in Iraq and Afghanistan with the wrong equipment—highly technical, sophisticated and very expensive equipment—resulted in the wrong tactics and strategy being adopted from the very beginning. They were backed by a policy that was not fit for purpose, and mean that we could now be staring defeat in Afghanistan in the face.

Can anyone in the House tell me how the UK is going to pay the present costs, never mind future ones, of using up state-on-state war equipment at such an exorbitant rate, when we cannot even afford to pay the TA? I was glad that General Richards acknowledges that issue and takes it seriously, as can be gleaned from his Chatham House defence lecture on 17 September.

Some of the military's criticism of politicians in the past few months has at times been grossly unfair, because some of the military's procurement decisions have been operationally disastrous and extremely expensive. That is particularly true regarding protected vehicles. We still do not have enough of the right type, and are forced to use vehicles that are inappropriate for the tasks being undertaken.

When troop numbers were increased to 21,000 this year for the surge, the military implied that the job could be done with that number of boots on the ground, but now, like Oliver, General McChrystal is back for more, according to his report. The US Administration have every right to be cautious of the continual escalation in numbers when the overall strategy appears to be based on reforming the country as a whole and on imposing a western style Government. That strategy, in my opinion, can never work.

There was a very interesting article in the *Small Wars Journal* by Major Omar Khan of the Pakistani army. It is very worthwhile reading. He begins by describing a number of things that cannot be done in Afghanistan and ends up saying what he believes can be done. I assume that he is a Pashtun, so perhaps has a certain interest in the matter. The essence of the case he presented was that districts, rather than provinces, of excellence should be created, which would require fewer troops. The emphasis would be on farming, small businesses, banks, the provision of paved roads and a model transport system, all of which would act as an example for the rest of the population to copy. He says that in most cases the Afghan people and the Taliban are not driven by the fear of God as we believe, but by absolute poverty. If we can show examples of what can be done, those ideas will spread widely and we will have a greater chance of success.

Let us compare that to the McChrystal report, which had not a squeak about roads in it and barely a mention of agriculture, which was listed eighth out of 11 points of importance in the civil-military campaign plan—perhaps not surprising, given the total failure of the different departments to co-operate and work together so far. I hope that Ministers can ensure that the civilians and the military work more closely together.

The linchpin of Government policy appears to be the building up of the Afghan national army and police force, which they hope will take over from coalition forces in due course. This is a policy destined to fail, not least because of tribal differences. At present, for example, a large number of Tajiks are being used to secure predominantly Pashtun areas, and I understand this is exacerbating the situation rather than ameliorating it.

We have to admit that current policy is failing to win insurgency skirmishes and indeed may be being used by those who have been recruited as part of a tribal uprising.

With the complete failure to understand these conflicts, a decision will have to be made in the future about whether we should ever be involved in them again. General Richards has stated that

"we simply can't afford to retain a full suite of capabilities for all eventualities".

Some huge decisions will have to be made in the future about our defence situation and our role in the world, and what we can and cannot afford. Whichever party is in power after the next election—and I believe it will be mine—it will have to solve this issue.

5.17 pm

Mr. Tobias Ellwood (Bournemouth, East) (Con): It is a pleasure to be the final Back Bencher to contribute to what has been an excellent debate that has primarily focused on Afghanistan. I have begun every speech in a defence debate by saying what a shame it is that we have to use these debates, which arise once in a blue moon, to discuss the fact that we are war. We should have regular updates on the situation. Our armed forces are firing some 10,000 rounds of ammunition every day, and that is an indication of the seriousness of the situation and why we should have better information and more opportunity to debate it.

Afghanistan is at a critical juncture. Eight years after the invasion, we have demonstrated how we might lose the war, wasting half a decade by not providing enough forces, money or leadership—or even agreeing our objectives. As in Iraq, we removed the threat, leaving a power vacuum that the Taliban were quick to exploit. Because of the distraction of Iraq, the west never fully came to terms with the scale of the operation required for success. That contributed to the biggest schoolboy error of all—the failure to have a co-ordinated, integrated, properly funded and locally supported plan. If the stream of hearses regularly filing through Wootton Bassett has not made us realise that the current strategy is not working, General Stanley McChrystal's interim assessment confirms it.

I have visited Afghanistan every six months or so since being elected and have made every effort to understand what is happening out there so that I can support our armed forces. It therefore saddens me to say how badly we have let our troops down and how much the security situation has deteriorated. I am talking about troop and equipment shortages, poor co-ordination of the Whitehall message, an absence of Cabinet leadership, scant support for reconstruction and development, and no clear plan. Only by blindfolding our troops as they departed for Helmand could we have hindered their chances of success even further.

These are harsh comments, but I make no apologies for them. They are directed not specifically at the Front-Bench Members here—they are as dedicated as anyone to success in Afghanistan—but at No. 10 and the co-ordination of the Cabinet. We come here regularly to salute the bravery and professionalism of our soldiers, but then do not give them the tools to succeed and conclude the mission. After eight years, the lack of progress has not gone unnoticed. Doubts are growing about the war in both the UK and the USA, and leading commentators and politicians are suggesting that it is turning into President Obama's Vietnam.

We now have two distinct groups, one supporting a surge and a substantial increase in troop numbers—I do not know whether that would be time-limited—and a second supporting what has been labelled as "cut and walk". That would involve slowly down-sizing, leaving behind special operations and drone capabilities very similar to those in Pakistan. The US military is clearly showing its strength in supporting a surge and dispatching its brightest senior military commanders to Afghanistan, but, on the other side, some politicians, perhaps with one eye on the polls and the other on the congressional elections in November 2010, are urging huge caution.

The delay in making the decision is playing into the Taliban's hands, as has been mentioned already. The reasons not to pull out are very clear and have been echoed again and again in this Chamber. We need only to look over our shoulders at what is happening in Pakistan even today to see the chaos that might occur in Afghanistan were we to pull out now. What would it say to the rest of the world if a second superpower were to be beaten by Islamic fundamentalism? We need to recognise that this is not a war of choice, but a war of necessity. It is also a new style of warfare involving counter-insurgency. We must get used to it and get good at it.

Two other places are appearing on the horizon: Somalia and Yemen. We already have sizeable forces in Somalia, which will become a problem too. We need to get this right. Several factors need focusing on—I do not have time to go through them all in detail, but I shall mention them very briefly. First, it is for us here to move to a war footing. It is not acceptable to read out a list of the fallen at every Prime Minister's questions, if the nation does not understand what we are fighting for. My hon. Friend the Member for Newbury (Mr. Benyon) made the point that we need to educate the public about why we are there. Recognising that we are at war means providing the resources needed to win, and it will require proper debates in this House to keep us informed and allow us to scrutinise what is happening.

Secondly, improvements in Afghan security are needed. That point has been repeated again and again. However, we cannot go in there, after six years, and say, "Yes, we are now going to train more troops." We have to get good at training troops no matter where they are. That is the type of counter-insurgency warfare that we now face, and anyone who reads General Petraeus's book will recognise that point. We must move away from the cold war mentality and understand that after the war of fighting comes a period of peacekeeping that will include training local troops, whether in police forces or armies. We have to get good at that, whether that means us, NATO or both.

We also need to consider other ways of strengthening the security system fast. The awakening project in the al-Anbar province is a great example of that. The militias there have a binding loyalty to the local areas that they are trying to protect and so they want peace. That is opposed to what we have at the moment, which is a very difficult, procrastinating approach that has shown no mileage after six years in theatre.

Thirdly, I come to improvements in our stabilisation capability. We must recognise that the Department for International Development is not up to the job. I say that bluntly, but it was never designed to do the job of stabilisation, reconstruction and so forth. The budget for our war fighting is now £3 billion a year. Our budget for stabilisation is £130 million a year. That discrepancy means that our soldiers will be continually looking over

[Mr. Tobias Ellwood]

their shoulders after they have done their work at the top of the hill. They will be wondering, "Who on earth is going to sort out the village beneath?" That cannot go on and needs to change.

The co-ordination of international development still does not exist. We need a three-star ISAF appointment, made or supported by the UN, to do the J5 tasks. I have pushed my big idea of sliding sizeable funds across from humanitarian projects under DFID to create a stabilisation capability, so that in the three to six-month window of opportunity after the initial invasion we can help the locals get off their knees, improve the employment situation, get security under control and start training the police, thereby winning hearts and minds before the enemy can regroup.

I made this point earlier, but on Operation Panther's Claw in the Babaji area, let me reassure the Secretary of State that I do not doubt that the road is important. However, we cannot wait three years for one project to be completed. There are other projects that need to be undertaken at the same time, although I think that he is well aware of that.

We are forgetting not just history, but the role of the Army in stabilisation. Let us look at what the US army and Abraham Lincoln did in the secessionist states after the civil war. It was the army that reconstructed and stabilised those places and got the economy going. Indeed, it even ran the local governments for a while—the army did that, not anybody else. The US army also did that in Japan, the Philippines and Germany. We, too, did that in Africa and India, as well as in Germany and Bosnia. Sierra Leone is another great example. It was the Army that helped to stabilise that place, not DFID or anybody else. Let us agree that the Army can do that.

Fourthly, we need a more federal structure in Afghanistan to look after domestic matters. The scale of corruption in the presidential elections does not reflect the model of democracy that the authors of the Bonn accord had in mind when it was written. We now have an opportunity to update the model of governance. The current Kabul-centric model is already seen as too advanced for a state in its infancy. With decisions made in Kabul having little impact on rural communities in the surrounding 35 provinces, a more federal approach in domestic matters would allow provinces to expedite decision making, take more ownership of their destinies and reduce the high levels of corruption, which is exactly what my hon. Friend the Member for Congleton (Ann Winterton) was saying in her contribution.

A more federal approach would also fit more easily with the traditional tribal power structure that has dominated Afghanistan all the way back to when Peter the Great wandered through the area, as a glance at Afghanistan's history shows. When we had problems with Dost Mohammad in the 1830s, he was the big, powerful tribal leader there and was respected by everybody else, but he did not run the country. All the tribes did their own thing in their own areas, and likewise with King Amanullah, the great reformer. He was in charge in Kabul. The groupings in the tribal areas did their own thing, but they respected the leader.

Then there was Zahir Shah from 1933 to 1973. There was a powerful body in Kabul, but all the tribes, whether they be the Uzbeks, the Tajiks, the Hazaras or the Baluchis, did their own thing while respecting what happened in Kabul. There has never been an advanced centralised form of government in Afghanistan. I do not know why we suddenly think that we can walk in and impose one.

My fifth point is about an economic plan for Afghanistan. I go there and ask people, "What is your vision? What do you want to do with your country?" but they cannot even see that far. We need to understand what they are good at. They were good at exporting agricultural produce—one of the best in the region—but they cannot do that now, because there is no infrastructure or train network, and yet Kandahar is only 38 miles from Spin Boldak, which is on the border with Pakistan. Link those two together and suddenly people can start exporting those goodies out of the country, which not only makes them money but, more importantly, gives people something to work towards, which they do not have now.

There is no time to talk about the tactics in Helmand. However, I am concerned that we remain in control of our area of responsibility, which has 70 per cent. of the population, yet the Americans have turned up with 20,000 troops and are looking at the rest of the province, which is pretty rural. Why not focus on the population and get us and the Americans working in the same AOR? That would be a much better use of our forces.

In conclusion, eight years on and with few tangible results in Afghanistan, the nation's patience and commitment is being tested. We have wasted half a decade with a half-hearted approach, yet it is modern engagements such as Afghanistan that we have to show we are becoming good at winning. Our entire strategy has to be reviewed. Britain has had a decade of fighting counter-insurgencies, yet our tactics in Iraq and Afghanistan in that period have not changed whatever.

Finally, I pay tribute to the 2nd Battalion The Rifles, my own battalion, which is commanded by Colonel Rob Thomson, who has done a fantastic good, as my hon. and gallant Friend the Member for Newbury mentioned. We are at war. Let us give our soldiers the support and resources that they deserve.

5.30 pm

Dr. Julian Lewis (New Forest, East) (Con): Unusually, we have had two days in a row in which to consider the grave problems facing our armed forces in the context of the Afghanistan campaign. Yesterday, we had a major statement from the Prime Minister and an opportunity to question him. Among the points that he acknowledged was the fact that 80 per cent. of our casualties arise from roadside bombs. That is an important factor—in fact, it is the supremely important factor because, although my hon. Friend the Member for Bournemouth, East (Mr. Ellwood) has just said that we must concentrate on getting in, getting on and winning, the reality is that we need to wage a campaign in which we do not take levels of casualties that the public are not prepared to bear.

That, above all, is the single reason that people in this country are dissatisfied with the campaign in Afghanistan. It is not a question of a lack of patience, or of not spending enough money or of troops going back on a recent tour to the same forward operating base that they occupied two, three or four years ago. The country will not put up with a disproportionate cost in lives for a

campaign that shows no sign of ending. We cannot be defeated on the battlefield, but we can be defeated in the battle for morale. Above all, that is why the Government should focus on doing everything they can to protect our servicemen and women in the field and to ensure that they are not exposed to unnecessary risks.

I venture to suggest that, if our enemies in Afghanistan focused on a strategic objective of ensuring that they killed two or three British service personnel every week, keeping that up for a sufficient length of time would be enough to harden opposition to the continuance of the campaign. We must therefore be as canny as our opponents, not only because we owe it to our servicemen and women to protect them but because it is essential for the success of the campaign. We must go out of our way to ensure that our enemies cannot do the one thing that would force us to feel that we had to leave.

That is why I was disturbed to get an unsatisfactory answer from the Prime Minister yesterday, when I asked him about the fact that 80 per cent. of our casualties were caused by roadside bombs. I asked:

"What proportion of the convoys attacked by those bombs were resupply convoys, which could and should have been transported by air but which were not because of the disgraceful shortage of air transport capacity?"

The Prime Minister replied that he did not accept my conclusion. He went on to say:

"A lot of the casualties have, unfortunately, been those people who have been on foot patrol, trying to build relationships with the Afghan people".

That might well be true of some of the casualties, but it is certainly not true of all of them. My hon. Friend the Member for Gravesham (Mr. Holloway) intervened on the Prime Minister subsequently to say that he was

"staggered at the Prime Minister's characterisation of the deaths from IEDs as being caused by foot patrols and not by the lack of helicopters."

My hon. Friend went on to say:

"Commanders regularly complain of unnecessary logistical road moves."—[*Official Report*, 14 October 2009; Vol. 497, c. 316, 320.]

I know that to be true because I have had similar complaints made to me. This matter is not going to go away, and I advise Defence Ministers to ensure that it is a complaint that will not be repeated in the future, although it has been justified in the past.

My mind goes back to the "Defence in the UK" debate of 26 March, when we heard from three Government Back-Bench speakers, seven Conservative Back-Bench speakers and no Back-Bench speakers from the Liberal Democrats. Today, we have heard from five Government Back-Bench speakers, 11 Conservative Back-Bench speakers and, once again, no Back-Bench speakers from the Liberal Democrats. *[Interruption.]* I am asked why not, but I am afraid that I can provide no enlightenment on that.

The shadow Secretary of State and the Secretary of State rightly focused on the Afghanistan campaign, as did many other Members in our debate. The hon. Member for Newport, West (Paul Flynn), who is no longer in his place, told the tragic story of Kyle Adams and concluded that we ought to give up, whereas my hon. Friend the Member for Newbury (Mr. Benyon), in a passionate and most moving speech, gave an account of the loss of so many members of his former unit and concluded that we must crack on. The hon. Member for Merthyr Tydfil and Rhymney (Mr. Havard) made the important point, re-emphasised by my hon. Friend the Member for Bournemouth, East a few moments ago, that we must work with the grain of Afghan society and not against it.

The hon. Member for North Devon (Nick Harvey) wanted the nuclear deterrent to be included in the strategic defence review, while the hon. Member for Glasgow, South-West (Mr. Davidson) wanted the aircraft carriers to be excluded from it. The aircraft carriers were also a cause close to the heart of the hon. Member for Plymouth, Devonport (Alison Seabeck).

Much concern was expressed about the need to give maximum support to those grievously injured in body and in mind. My hon. Friends the Members for East Devon (Mr. Swire), for Newbury and for Mid-Sussex (Mr. Soames) and the hon. Member for Bridgend (Mrs. Moon) spoke about that. In that connection, when it comes to reintegration of grievously wounded people into society, I welcome the emergence of organisations such as Soldier On, which is organised by a very able young man called Nicholas Harrison, who is determined to find ways in which an employment agency can be created in order to get people who have lost limbs into civilian work so that they can live their lives earning and working their own way.

My hon. Friend the Member for Mid-Sussex stressed the absurd duplication of top-level bureaucratic posts, while my hon. Friend the Member for Salisbury (Robert Key) was as robust as he always is on both Trident and the carriers, adding a detailed study of the potential of the Hebrides missile-testing range.

My right hon. Friend the Member for Fylde (Mr. Jack) referred to the dangers of cyber attack, to which I would add the dangers of electromagnetic pulse attack. People are constantly talking about the possibility of rogue states getting nuclear weapons and using them to attack other countries directly, but a single nuclear weapon used by a rogue state and exploded above a target country could well do irreparable damage to its infrastructure without directly attacking the country itself. My right hon. Friend also stressed, as always, the vital importance of the aerospace industry and the necessity of keeping it as an essential part of our defence industrial base.

Huge concern was expressed about the threat to future reserves. Apart from the robust comments of the shadow Secretary of State, we heard contributions from the Chairman of the Defence Committee, from my hon. Friends the Members for Mid-Sussex and for East Devon and especially from my hon. Friend the Member for Canterbury (Mr. Brazier), who has shown a long dedication to the cause of the reserves. When the Minister replies, will he tell us whether the Government will guarantee first not to extend the non-payment of the Territorial Army beyond this six-month period and, secondly, not to extend it to the Army Cadet Force as well?

I must stress to Ministers that people in the reserve forces do it not for the money, but for the training and the love of it. My own modest career as a seaman in the Royal Naval Reserve would not have appealed to me if I had not had a ship to go to sea on at the weekends as part of my training. If such training is cut off from

[Dr. Julian Lewis]

people for six months, we may well find that, even if the tap is turned on again at the end of the process, such crews are no longer available.

Andrew Mackinlay: The hon. Gentleman has raised the subject of the number of Members who went in to bat today. I have been silent for a variety of reasons and I have been in and out of the Chamber, but I want to express my concern and, I think, that of many other Labour Members about the threat that has been posed. It is a narrow but important point. I accept that we can probably be reassured about the resources available for the training of the Territorial Army and other reserve forces, but I hope that the Minister can reassure us about that, particularly in relation to the Army but also in relation to the Royal Naval Reserve.

Dr. Lewis: As always, the hon. Gentleman is absolutely right. I am only sorry that he was not present to contribute more fully to the debate. The preparation of reserves to go into the front line is a continuum. If a major segment of the training process is removed, that will work its way through the system so that when it is necessary to move on to the next section of the continuum, there will be nothing but a black hole. That is the threat to which the Government have exposed our reserves with this penny-pinching and unjustified measure.

Harry Cohen (Leyton and Wanstead) (Lab): Will the hon. Gentleman give way?

Dr. Lewis: I am sorry: not for the moment.

Let me complete my quick survey of the contributions that have been made. My hon. Friend the Member for North Dorset (Mr. Walter) spoke of the duty of European countries to work as individual countries through the institutions that are available, but not to try to offload their defence responsibilities on to those institutions in order to contribute to collective security. My hon. Friends the Members for Billericay (Mr. Baron) and for Congleton (Ann Winterton) shared a rather gloomy outlook on the prospects of the campaign in Afghanistan.

My hon. Friend the Member for Billericay reckons that the anti-opium campaign is failing, that women's rights are failing, that democracy is failing, and that corruption is rife. That is to suggest that the objectives of our presence in Afghanistan were to get rid of the opium trade, to assert the rights of women, to create a democracy, and to root out corruption. Those are all worthy and desirable aims, but they are not the reason we are there. We are there because an attack was made on cities, killing thousands of people, and because that attack was orchestrated and organised by an organisation whose headquarters were in Afghanistan. The question that we must ask ourselves is this: is our strategy, and are our tactics, adequate to deal with that threat and prevent it from arising again? I have to say that I have some doubts, but I am not prepared, and do not have time, to articulate them fully on this occasion.

Mr. Baron: My hon. Friend may have misheard what I said. I was suggesting that what we needed in Afghanistan at the end of the day was a political solution, and that the failures that I cited were all signs that we were not near to a political solution. I did not for a moment suggest that solving those problems was the main objective of our forces.

Dr. Lewis: I fully accept that. Unfortunately, however, if a political solution is to be found in a counter-insurgency campaign, there must be a means of dealing with the element of society that is determined that no political accommodation will be reached. That is a problem that has not yet been solved and cannot be solved by political means alone, just as it cannot be solved by military means alone.

Harry Cohen: Will the hon. Gentleman give way?

Dr. Lewis: No, I will not. I am sorry. Time is against me, and I wish to go a little wider than the question of the Afghanistan campaign, central though it is to our considerations. I wish to revert very briefly to another point touched on by my hon. Friend the Member for Canterbury: the unpredictability of future conflicts.

My hon. Friend is absolutely right. We have been involved in counter-insurgency campaigns in the past. We were involved in a long counter-insurgency campaign in Malaya which lasted from 1948 to 1960, but that did not lead us to believe that because we were involved in fighting a counter-insurgency then, we would always be involved in counter-insurgency campaigning in the future. We remained fully committed to NATO and fully engaged in the cold war. Important as the campaign in Afghanistan is, it would be a strategic mistake to say "We do not need aircraft carriers; we do not need Trident; we do not need conventional forces." We need a range of capabilities to deal with the range of threats that might rise up against us in 10, 20, 30 and 40 years' time. Some people say that we are making a mistake because we are reckoning to fight the wars of 10, 15 or 20 years ago. I say that we are planning to deter and protect against the wars of 10, 15 and 20 years in the future, and if we judge those just by what we are doing today we are making the same mistake as when we judge what we are doing today by what we were doing 15, 20 or 25 years ago. We must have the full range of military capability that we can afford. That is the issue the strategic defence review, which the Conservatives were the first party to demand, will decide. It will be a difficult and tough task, but it is an absolutely essential one.

5.46 pm

The Minister of State, Ministry of Defence (Bill Rammell): We have had a good and well-informed debate, which has demonstrated the strong degree of cross-party support in the House for the armed forces. In every contribution, there has been a palpable recognition of the heroic, professional and hugely competent job our armed forces do on behalf of us all. We are enormously in their debt.

In the time available to me, I shall try to respond to as many as possible of the points made in the debate. The hon. Member for Woodspring (Dr. Fox) started by raising an issue that many other hon. Members have also raised: the position of the Territorial Army. Let me be very clear that the change was recommended by the service chiefs. It was accepted by Ministers because, as the Secretary of State rightly pointed out, Afghanistan is our main priority and it is crucial that we redeploy resources to that main priority, but that does not mean that any member of the reserves will be deployed without appropriate pre-deployment training. Let me make it clear that no reservist will have to pay for their pre-deployment training and there is no cut to that pre-deployment training. I say that clearly for the record because the Leader of the Opposition tried to paint a

very different picture at Prime Minister's questions yesterday. It is important that we debate the issues based on the facts.

Dr. Fox: The Minister says the purpose of the cuts is to make money available for the front line in Afghanistan, but we are repeatedly told that the Treasury is fully funding the campaign in Afghanistan from the Treasury reserve. If that is the case, why are we cutting core MOD functions?

Bill Rammell: We are actually supplementing that. That is crucial. The constant thrust of the comments we hear from the Opposition is that we are in a war situation and we should devote all our resources and efforts to that front-line campaign, and I think that that is the right thing to do.

The hon. Gentleman also asked about Regional Command South and which nation would be replacing the regional battle group south. That is a question for NATO, but our current understanding is that the battle group will not be immediately replaced. I stand by our decision, however, because our decision to redeploy that battle group is about thickening our forces in Helmand, and particularly about helping us tackle the huge challenge of improvised explosive devices.

The hon. Gentleman also asked about the make-up and sustainability of the 9,000 commitment and the 9,500. The 9,000, will be made up of the 1st Battalion Coldstream Guards and elements of 30 Signal Regiment, 2nd Battalion The Duke of Lancaster's Regiment and 1st Battalion The Royal Anglian Regiment. The additional 500 will involve the deployment of 1st Battalion The Royal Welsh. There is a statement to that effect in the House of Commons Library.

The hon. Gentleman went on to labour a critique by saying that there was a failure to define our strategy in Afghanistan in terms of our national security. I must say that that is what we have been doing for months and years. This is fundamentally about our national security. It is about generating capacity in the Afghan nation and its forces so that it can defend itself and secure its own borders and country, and in the bargain make us and other countries safer from terrorism. That is why we want to generate that capacity; we do not want to be in Afghanistan for ever and a day. We want to reach the point where we can sensibly and safely withdraw. I agree with the hon. Gentleman that if we were to succeed, it would be a fundamental strategic failure for al-Qaeda and other insurgents. Importantly, and conversely, our failure in Afghanistan would be a huge boost for terrorists and violent extremists in every part of the world. That is why this is so fundamentally in our national interest.

The hon. Gentleman also asked about helicopters and the two Chinooks, and I can confirm that the funding will come from the Treasury reserve. He asked how long it will be before the last Vectors come out of service in Afghanistan, and I can tell him that a phased withdrawal will be complete by mid to late 2010. He went on to discuss the situation in Iraq. He said that it "beggars belief" that no agreement over the continuation of our naval presence in Iraq has been achieved. This is the reality of politics in a democracy, which is what Iraq is now. There has been a Government-to-Government agreement, but it is now going through its parliamentary procedures and we cannot dictate, from the outside, the time scale of that.

The hon. Gentleman also asked whether the training mission would be funded from the Treasury reserve, and I can confirm that it will be. He gave a huge critique of the Government's performance and the situation in terms of equipment, training and everything else that we are doing. Every Member of this House needs to be clear about the fact that the Conservative party is not committing one penny extra of additional expenditure to the defence budget. Words come easily, but we face a hugely challenging situation in Afghanistan and we ought to be debating these issues on their merits and trying, where possible, to achieve a consensus.

My hon. Friend the Member for Newport, West (Paul Flynn) described the letter that he had received from one of his constituents about the tragic loss of her fiancé Kyle Adams and his tragic death. Nothing I, or any of us, can say or do can compensate any individual for the loss of a loved one. I wish to pay tribute to the heroism of Kyle Adams—he was serving our national interest.

My hon. Friend asked a particular question about Ministers' attending repatriation ceremonies. That issue comes up repeatedly in the press, but I wish to make it clear that Ministers rightly take military advice from the service chiefs and they have consistently told us that repatriation ceremonies are military occasions for military personnel. In such circumstances, it would be wrong for Ministers to intervene.

Mr. Soames *indicated assent.*

Robert Key *indicated assent.*

Bill Rammell: I welcome the nods of assent that I am getting from those on the Conservative Benches.

My hon. Friend also referred, completely erroneously, to a claim that 80 per cent. of Afghanistan is controlled by the Taliban. That claim is simply and palpably untrue, and it serves the interests of nobody to try to pretend—*[Interruption.]* Eight of the 13 districts in Helmand are controlled by the Afghan authorities and the coalition. The situation is challenging, but we are making real progress.

The hon. Member for North Devon (Nick Harvey), who leads for the Liberal Democrats, raised concern, as did and a number of other right hon. and hon. Members, about the fact that MPs did not have longer to read and digest Bernard Gray's report. The Secretary of State has apologised for that, and I apologise too. We received the final printed versions of the report only this morning, having spent the summer discussing with Mr. Gray both the content of his report and his conclusions. The hon. Member for Woodspring asked for a further opportunity to discuss the report. The Secretary of State has considered that and we are more than open to having such a further opportunity, at the earliest convenience of the House—I am making our position very clear.

The right hon. Member for Fylde (Mr. Jack) made a very interesting speech. He talked about the impact of the 24/7 media on our mission and on the enemy. A number of senior military figures have said to me that if we had had that kind of 24/7 media coverage during the second world war, they doubt that we would have got beyond the first 18 months. That is a chilling observation and I hope that everyone can reflect on that fact.

[Bill Rammell]

My hon. Friend the Member for Glasgow, South-West (Mr. Davidson) made a very effective speech. He rightly praised Glasgow Rangers for their excellent initiative of providing tickets for our forces. I congratulate him on supporting it. He also, interestingly, referred to the position of General Dannatt. Let me make it clear that during the time I have been at the Ministry of Defence I have worked well with General Dannatt, but I was intrigued that when my hon. Friend said that General Dannatt would be appointed a Minister in a Conservative Government, there were strenuous denials from those on the Opposition Benches. "No, he wouldn't be," they said. Well, that is not what General Dannatt says. He says that he has been told by the Leader of the Opposition that he will be appointed a Minister in a Conservative Government. His appointment and his handling says much more about the Leader of the Opposition's judgment than it does about General Dannatt.

My hon. Friend the Member for Plymouth, Devonport (Alison Seabeck), who is a doughty defender of her constituency and its interests, asked in particular about the decision on the movement of Royal Marines and whether that would be delayed by the strategic defence review. Let me make it clear that the project time scales have not been delayed to wait for an SDR, although of course the SDR will have to consider all defence issues. I hope that that gives her some reassurance.

I respect the role played by the hon. Member for Canterbury (Mr. Brazier) in the all-party group and the substantive work that he does on reserve issues. We met during the summer—as has happened with the Secretary of State on previous occasions—and my office, as he knows, is urgently trying to agree dates with him and his group. I understand the concern. We need to talk and I will hear his representations. I also very much agreed with his underlying point about the lack of predictability of 9/11, Iraq and the Falklands. One thing that I think we should learn from history is that we have not been very good at predicting the military future. I think that that was the point that he was trying to make. That lesson should be borne in mind for the future SDR.

The hon. Member for Billericay (Mr. Baron) said that we constantly need to remind people why we are in Afghanistan, and I fundamentally agree with that. He said that we have to find a political solution, and I agree with that too. He also said that if members of the Taliban are prepared to renounce violence, we should reintegrate them. The evidence at the moment—I agree with the hon. Member for New Forest, East (Dr. Lewis) on this point—suggests that there is no huge momentum in that direction. The hon. Member for Billericay also made an erroneous point about IEDs and the percentage of US casualties from IEDs being significantly lower than ours. There is a reason for that. A much larger percentage of our troops are in Helmand, which is the centre of the Taliban insurgency and the IED threat. I do not think that any purpose is served by putting forward spurious comparisons of that nature, which undermine the huge job that our forces are undertaking.

Mr. Baron: Will the Minister give way?

Bill Rammell: No, I cannot. Forgive me.

My hon. Friend the Member for—

Mrs. Moon: Bridgend.

Bill Rammell: My hon. Friend the Member for Bridgend (Mrs. Moon), whose constituency I visited during the summer—*[Interruption.]* And it was raining, too. She made an exceedingly good point about the BBC documentary. Along with her, I want to pay tribute to Tom and Andy for their dignity, guts and determination. I watched that documentary, and the level of care and support they received belies the criticism that the Ministry of Defence gets for the support that it gives to injured service personnel.

I apologise for the fact that I have not been able to respond to every point. We have had a constructive and important debate, and we all need to recognise and remember that, in terms of this huge campaign that we are facing in Afghanistan, there is much more that unites us than divides us. We should be putting that to good effect to support the superb work of our armed forces.

Question put and agreed to.

Resolved,

That this House has considered the matter of defence policy.

Business without Debate

ACCESS TO PARLIAMENT (UNITED KINGDOM MEMBERS OF THE EUROPEAN PARLIAMENT)

Motion made,

That the Resolutions of the House of 30 January 1989 relating to House of Commons Services and 6 December 1991 relating to Access (Former members and United Kingdom members of the European Parliament) shall cease to have effect insofar as they relate to United Kingdom members of the European Parliament.—(*Mr. Spellar*)

Hon. Members: Object.

REGIONAL SELECT COMMITTEE (WEST MIDLANDS)

Motion made,

That Dr Richard Taylor be a member of the West Midlands Regional Select Committee.—(*Mr. Spellar*)

Hon. Members: Object.

REGIONAL SELECT COMMITTEE (YORKSHIRE AND THE HUMBER)

Motion made,

That Mary Creagh be discharged from the Yorkshire and the Humber Regional Select Committee and Mr Austin Mitchell be added.—(*Mr. Spellar*)

Hon. Members: Object.

REGIONAL SELECT COMMITTEE (SOUTH WEST)

Motion made,

That Linda Gilroy be discharged from the South West Regional Select Committee and Roger Berry be added.—(*Mr. Spellar*)

Hon. Members: Object.

Todmorden Rail Link

Motion made, and Question proposed, That this House do now adjourn.—*(Mr. Spellar.)*

6 pm

Kitty Ussher (Burnley) (Lab): I am grateful for the opportunity to raise an issue of critical importance to my constituency, both now and for its future prosperity. When I first rose in this House to give my maiden speech, a mere four and a half years ago, I drew the House's attention to two critical strengths of my constituency of Burnley.

The first is our proud manufacturing tradition, which I am pleased to say is still doing well, and the second is the town's natural beauty, nestling as it does between the Pennines and the imposing Pendle hill. Indeed, putting those features together I am convinced that William Blake had Burnley in mind when he wrote of "dark satanic mills" in a "green and pleasant land".

I also said back in 2005 that towns such as Burnley needed a Labour Government to succeed, and events since then have shown that that is true. In the last four years, all our secondary schools have been rebuilt under the Building Schools for the Future programme. Our brand new, £80 million college, university and enterprise campus has just opened. The hospital is being rebuilt—although not without controversy—with a new specialist maternity unit for the whole of east Lancashire set to open next year. That enables me cheekily to say in advance of Sunday's crucial football derby that even Blackburn Rovers fans will soon be born in Burnley. Finally, the cash to regenerate our housing keeps coming, with the Government announcing another £1.4 million for Burnley just as the House rose for the summer.

However, there is something missing. We need another piece of the jigsaw to slot into place before our future is secured, and it is this: although we are less than 30 miles north of the booming and fashionable metropolis of Manchester, there is no fast train link and so it is nigh on impossible to commute there during rush hour.

The buses, although good, take an hour and a half each way, as demonstrated by their own published timetable, and it can be even slower by car. That is simply a nonsense: where else in the country is there a town of 90,000 people, 30 miles from an urban centre of 2.5 million people—the population of the whole of Greater Manchester—with no fast train between the two?

How can my constituents get the good jobs and high wages on offer in the big city? It is no wonder we are a low-wage town. How can we attract existing Manchester workers to live in Burnley and bring us the benefit of their incomes? It is no wonder our house prices are among the lowest in the country. How can we build our tourism industry in this green and pleasant land of ours? How can we get the necessary regeneration of our old mill buildings if there is no connection to the buzz of the big city? It breaks my heart when world-class urban designers come with a view to investing in our derelict Weavers triangle mill district but say, "Get back to us when the direct train line to Manchester is sorted out."

I am grateful to the Under-Secretary of State for Transport, my hon. Friend the Member for Ipswich (Chris Mole), for the attention that he has given to this issue. My message to him is, "Let's work together to get this sorted out." Too often, transport links are built to serve existing demand rather than being used as a regeneration tool in themselves.

Chris McCafferty (Calder Valley) (Lab): Does my hon. Friend agree that if we are really serious about reducing the gross value-added gap between London and the regions, and about being globally competitive and reducing carbon emissions, we need serious investment in transport links? That goes beyond the frankly measly 100 metres of track needed to complete the Todmorden curve in my constituency, because we also need to modernise the mainline trans-Pennine corridors to ensure that they meet the future needs of everyone in the region and provide a real alternative to the car.

Kitty Ussher: I agree with my hon. Friend. Notwithstanding the fact that the track that would benefit my constituents lies in her constituency, her constituents would benefit from it, too. She has got right to the heart of this issue, because we must not view transport links as simply a tool to reduce congestion; they are also a regeneration tool in themselves. My constituency provides a good example of that, as does hers: the reason why the industrial revolution took off in my constituency in the first place is that the Leeds-Liverpool canal was already there. The transport links come first, and the regeneration and economic activity come next.

This is a regeneration project that involves transport, and it needs to be a Government priority. So here is the proposition: reinstate some small pieces of track, as my hon. Friend said, east of Burnley, known as the Todmorden curve, to enable trains to run from directly from our Burnley Manchester Road station, in the heart of the Weavers' triangle, which is a derelict mill district, straight into Manchester Victoria. Even if the train stopped a few times—I would be willing to concede to a stop in my hon. Friend's constituency—it could still deliver my constituents to the heart of Manchester in well under an hour, or half the time it takes by bus.

I have to admit to the House that working on this issue in the last few years has turned me into a bit of a railway nerd. I now consider Network Rail's route utilisation studies to be light bedtime reading. I am sure that the Minister, too, will know that last year's Lancashire and Cumbria RUS recommended that

"stakeholders work together to further develop the business case and sources of funding"

for the Todmorden curve option. So we have done exactly that. The project forms part of the Pennine Lancashire multi-area agreement and is being progressed through the Pennine Lancashire rail project board, which consists of Lancashire, Blackburn and Burnley councils, with representatives from the Minister's Department, as well as Northern Trains and Network Rail being in attendance.

In 2008, I paid a visit to the Minister's predecessor—the then Railways Minister and now Secretary of State, Lord Adonis. He understood the issue well and advised that it would help if Lancashire county council, as the transport authority, made clear its support in our two-tier system. I am happy to report to the House that that support is now crystal clear. Indeed, I have a letter from

[Kitty Ussher]

the executive director for the environment at Lancashire county council, dated 17 July this year, that states that they

"fully support the principle of the scheme".

The RDA's support is also beyond doubt. The former chair of the Northwest Regional Development Agency, Bryan Gray, wrote to tell me that those of the Agency

"have committed in principle to provide substantial capital investment in the Todmorden Curve".

The chief executive only this week wrote to tell me that

"the RDA is fully committed to this project which will generate significant economic benefits"

and to indicate its commitment the NWDA is, as a first step, funding Network Rail to the tune of £120,000 to undertake its detailed business case through the so-called GRIP—guide to railway investment projects—process to determine the likely benefit-to-cost ratio of the scheme as a whole. This is where I need the Minister's help.

Network Rail told me its business case would be completed by late summer. I am wearing my woolly tights; it is not warm outside; it is way past last summer, but we are still waiting for its work. Its initial estimate, published in 2008 and based on out-of-date data, found a benefit-to-cost ratio of between 1 and 1.4. By contrast, a report produced by the respected transport consultancy firm Buchanan in 2008 and commissioned by a consortium of local partners, although the report was independent, found that the project had a high benefit-to-cost ratio of at least 2.65. It is our strong view that, if the regeneration impacts are taken into account, alongside more recent passenger projection figures, the benefit-to-cost ratio will come out much higher than Network Rail's initial figures.

So here are my first six questions to the Minister. First, do he and his Department support this project? It would be useful to have the answer to that on the record. Secondly, what will he personally do to help to make it happen? Will he today give me a guarantee that he will keep a watching brief on the issue and provide me, as the local MP, with regular reports on progress, for example? Thirdly, will he ensure that the potential economic benefits of the project, which are in line with the new so-called DaSTS—delivering a sustainable transport system—principles, are fully taken into account in any cost-benefit analysis?

Fourthly, if a consortium came forward to fund the operating costs, would the Department for Transport join it? Fifthly, will the Minister signal to Network Rail that it should move faster to progress the project, particularly if it emerges as part of the wider solution to reduce congestion on routes into Manchester? I know that my hon. Friend the Member for Calder Valley (Chris McCafferty) also has an interest in that. Sixthly, what discussions has my hon. Friend the Minister had with the franchise operator, Northern Rail, about a possible amendment to the franchise in order to begin running services on the proposed new route?

My next set of questions relates to timing. I regret that other political parties do not share our commitment to the regional development agencies, and it is the Northwest Regional Development Agency that, as I have said, is committed to providing substantial capital investment. I should not want something to happen to our RDA which meant that this crucial project could not happen, so, seventhly, if we presume that the funding is available, how soon can this crucial link be built? If Network Rail gets its skates on, the detailed design work of GRIP 5 could, I presume, start around the turn of the year. If that then takes a year to complete, I presume that we could move on to GRIP 6, the construction work, in early 2011.

Eighthly, therefore, does my hon. Friend agree that, presuming the availability, there is a theoretical possibility of construction starting in 2011? Ninthly, and specifically, can he set out clearly for the benefit of all the road map and timetable for who needs to do what to achieve that goal?

I have been working on this issue for five years. I have spoken on numerous occasions to all the agencies and partners involved, and I wanted to put my points to the Minister because I have become frustrated by everybody saying, "Yes, I understand my bit, but this won't happen until so-and-so does it." So-and-so is normally one of the other councils or agencies. It would therefore be helpful if the Minister could set out clearly who, including people from his Department, needs to do what, and when, to make the project happen.

In conclusion, my constituency has been well served by a Labour Government. In my short time as an MP, I have seen multiple Departments—most notably the Department of Health, various education Departments and the Department for Communities and Local Government, but the Home Office and others, too—all come to the table to do their part to secure our future. Now it is the turn of the Department for Transport. My final question—to make it a round 10—is, therefore, will the Minister come to Burnley to see for himself our town's huge potential and its determination to succeed, so that he can understand how crucial this project is?

I promised in my maiden speech to do my best for the people of Burnley, and that is what I have done. I hope that the Minister will now join me in that promise. Let us together put in place to secure this project for the town's future prosperity a process that nobody can undo.

6.13 pm

The Parliamentary Under-Secretary of State for Transport (Chris Mole): I congratulate my hon. Friend the Member for Burnley (Kitty Ussher) on securing this debate. She has explained with great clarity the importance to the people and the economy of east Lancashire of a direct rail link between Burnley and Manchester, and I welcome the opportunity to outline the role that the Department for Transport can play in helping the scheme to come to fruition.

As my hon. Friend will know, the local authorities in the area that is known as Pennine Lancashire have been very active in promoting the development of rail services in their area, and the Government have signed up to a multi-area agreement that has committed the Department to working with them to take forward schemes that are considered a priority. Most active among those authorities have been Burnley borough council, Blackburn and Darwen council and Lancashire county council, and departmental officials have met them on a number of occasions, along with Network Rail and Northern Rail.

The partners are absolutely clear about what has to be done to bring the schemes to fruition, and they have

commissioned Network Rail to undertake detailed studies through what is known as the GRIP process. My hon. Friend said that she has become a nerd and worked out that an RUS is a route utilisation strategy, and I note that GRIP is the guide to railway investment projects process, which will demonstrate engineering feasibility and capital cost.

The promoters are aware that they would need to fund the capital costs of any infrastructure required, such as a new curve, from their capital budgets. That could include their local transport plan-integrated transport funds derived from the regional funding allocation devolved to regions and local authorities from central Government for capital projects.

In making the case for such funding, the promoters are well aware that any transport scheme can make progress only if there is a business case. The business case can take account of the wider benefits to the local economy from the investment and will certainly take account of congestion and accident savings on the parallel road network. However, building the Todmorden curve, if that is the right answer, will not deliver more travel opportunities to Manchester unless a direct train service is provided between Burnley and Manchester—and that might prove to be the greater challenge.

Train services in the north of England require large amounts of subsidy; last year, the Northern Rail franchise received more than £380 million in subsidy. It is therefore likely that any new service between Burnley and Manchester will require ongoing financial support, although we anticipate that train operators would seek to minimise that. The Department's original stance was that promoters of new services, such as the Pennine Lancashire local authorities, would have to fund the ongoing subsidy costs in perpetuity. Not surprisingly, they considered that that would be difficult to commit to; in any case, they questioned why, if the new service proved successful, they should continue to fund it—rather than the Government as part of their funding to the national network through franchise agreements.

Earlier this year, we addressed the local authorities' concerns and agreed that, subject to funding being made available from 2014 onwards, the Department would consider funding new and enhanced services as part of the national network. That would happen after the promoters had funded them for a minimum of three years and demonstrated during that period that the new service met its forecasts for usage and demonstrated value for money for the subsidy required.

So the promoters of the Burnley to Manchester line know exactly where they stand in relation to this project. They need to identify the capital costs of, for example, the Todmorden curve, and they will have to identify ongoing subsidy for at least three years. Furthermore, in doing that they will have to demonstrate continually that the scheme is the best way to meet local transport needs and give value for money.

My hon. Friend asked me six initial questions and four further ones. First, she asked whether the Department supported the project. We would support any rail scheme that demonstrated value for money and could be funded, and I am pleased to hear that that is likely to be the case in respect of this scheme. She also asked what I would do personally to make it happen. Department officials have been working with Burnley borough council and others for some months and have been able to provide advice whenever necessary. However, it is for the local authorities working with Network Rail and Northern Rail to make real progress on the scheme. But I will keep a watching brief on the matter and I commit to keeping my hon. Friend informed of progress.

My hon. Friend asked whether I would ensure that the potential economic projects, in line with the DaSTS, are fully taken into account. I assure her that the wider economic benefits arising from such a project can be taken into account in the assessment of the scheme. She asked whether, if a consortium came forward to fund the operating costs, the Department for Transport would join it. I have made the Department's position clear: such a consortium would have to fund the service for a minimum of three years. After that, assuming that the scheme continued to demonstrate value for money and funds were available in the 2014 to 2019 budget, the Department would take on responsibility for the service as part of the national network.

My hon. Friend also asked whether I would signal to Network Rail that it should support the project. If the project is deliverable in engineering, planning and operational terms and Network Rail is funded by the promoters to deliver it, I see no reason why Network Rail should not support it.

The sixth question was about the discussions that I had had with Northern Rail about a possible amendment to the franchise to begin running services. Northern Rail is already part of the team looking at this scheme and it would be premature to start discussions with the company before we are clear about what the scheme involves in respect of additional services and rolling stock. However, as I have said, the company is very much involved and aware.

I entirely understood my hon. Friend's point about regional development agencies. What we are discussing is an excellent example. As a former board member of a regional development agency, I recognise that plugging gaps, priming pumps and drawing partners together to make such projects happen, for the economic benefit of areas where transport can make a difference, is exactly the sort of role that they have.

My hon. Friend's next question was about how soon we can get on with this. It will be for Network Rail and Northern Rail to determine when the link can be built and when a service could be introduced. She asked whether it was theoretically possible to start in 2011. I cannot speak on behalf of Network Rail as to when it could complete the necessary GRIP stages and begin work on site, but I am optimistic that it will have completed the current stage by the end of the year.

Kitty Ussher: I am extremely grateful for the constructive approach that my hon. Friend is taking. As a Minister, he has a large amount of personal experience of how these things work in other parts of the country. Does he think that it is a realistic aim for the local partners to try to achieve starting work on the ground in 2011?

Chris Mole: I can only be as positive as I can about the scheme and its prospects. Indeed, my hon. Friend's ninth question was about what needed to be done in order for this to be achieved as quickly as possible. The road map needs to be developed by Burnley borough council, which is the main promoter, with Network Rail

[Chris Mole]

and Northern Rail. The Department is more than happy to provide any guidance to the promoters, as we have been doing up until now.

My hon. Friend's final question was to ask if I will come to Burnley and see for myself the town's huge potential. I entirely understand her case for Burnley and the role that good sustainable transport links can play in its economic development. I am sorry that during my recent visit to the railways in the north of England, I was not able to visit Burnley. I will look closely at my diary to see whether a visit is possible.

Chris McCafferty: May I extend to the Minister an invitation to Todmorden, in my constituency, at the same time so that he can see the measly 100 metres of railway track that needs to be completed in order for my hon. Friend's constituents to be able to go to work in Manchester quickly and easily every day?

Chris Mole: I am sure that if I were to visit Burnley to see the delights of that town and the potential for investment in this infrastructure, it would be entirely sensible for me to try to look at the Todmorden curve at the same time.

I am positive about the prospects for improved rail connections from Burnley to Manchester, and I commend my hon. Friend the Member for Burnley for campaigning so effectively to promote this scheme.

Question put and agreed to.

6.22 pm

House adjourned.

House of Commons

Friday 16 October 2009

The House met at half-past Nine o'clock

PRAYERS

The Second Deputy Chairman of Ways and Means took the Chair as Deputy Speaker (Standing Order No. 3).

New Writ

Ordered,

That the Speaker do issue his Warrant to the Clerk of the Crown, to make out a new Writ for the electing of a Member to serve in this present Parliament for the Borough Constituency of Glasgow, North-East in the room of Michael John Martin, who since his election for the said Borough Constituency has accepted the Office of Steward or Bailiff of Her Majesty's Manor of Northstead in the County of York.—*(Mr. Nicholas Brown.)*

9.34 am

Mr. Andrew Dismore (Hendon) (Lab): I beg to move, That the House sit in private.

Question put forthwith (Standing Order No. 163).

A Division was called.

Mr. Deputy Speaker (Sir Michael Lord): Division off.

Question disagreed to.

Mr. Christopher Chope (Christchurch) (Con): On a point of order, Mr. Deputy Speaker. Before we get to the Bill, I would like to raise with you an issue arising from what the Leader of the House said at column 449 yesterday in answer to a question put by my right hon. and learned Friend the Member for Sleaford and North Hykeham (Mr. Hogg). The Leader of the House said:

"We obviously have to judge things by the rules and standards that obtained at the time; doing anything else would be arbitrary."—[*Official Report*, 15 October 2009; Vol. 497, c. 449.]

In today's edition of *The Independent* and on the BBC there are reports that Mr. Speaker is to say something different on "The Week at Westminster" tomorrow. I wondered whether you could ensure that Mr. Speaker shares with us on Monday his thoughts about the Legg report so that we can discuss the matter in the House rather than have it aired only on the media. As I made clear in a point of order in June, we in the House are insistent that we should hold Ministers of the Crown to account for their statements, and on something as sensitive as the Legg report, I believe that Mr. Speaker would wish to have questions put to him to answer.

Mr. Deputy Speaker: That is not a matter that I can deal with this morning. No doubt all the parties concerned with these matters will have heard the hon. Gentleman's points and take them into consideration when they decide on their courses of action.

Mr. Henry Bellingham (North-West Norfolk) (Con): On a point of order, Mr. Deputy Speaker. I would like your advice and guidance on whether you have received a request from the Home Secretary or, possibly, the Solicitor-General to make a statement about the Yvonne Fletcher case? It emerged last night that, two years ago, a senior lawyer carried out an independent review of the case for the Crown Prosecution Service in which he said that the two Libyans involved could be charged for conspiracy to cause death. Neither had diplomatic immunity; they escaped from the Libyan embassy. The report made it clear that both those men played an instrumental role in the murder of WPC Yvonne Fletcher.

Last night, as I said, it emerged that the Crown Prosecution Service had confirmed that, two years on, the police had still not provided it with the final case file containing the admissible evidence. Surely the Home Secretary should make a statement explaining why the Metropolitan police are sitting on that vital evidence, and to put our minds at rest by assuring us that Britain's trade interests are not being put before the interests of bringing criminals to justice. I seek your guidance, Mr. Deputy Speaker.

Mr. Deputy Speaker: I have not so far been given notice that any Minister is proposing to come to the House to make a statement, but, again, Ministers will have heard the points made by the hon. Gentleman and will, I am sure, take note of them.

Damages (Asbestos-Related Conditions) Bill

Consideration of Bill, not amended in the Public Bill Committee

Clause 2

Pleural thickening and asbestosis

9.40 am

Mr. Christopher Chope (Christchurch) (Con): I beg to move amendment 10, page 1, line 15, leave out

', is not causing or is not likely to cause'

and insert

'and is not causing but is likely to cause'.

Mr. Deputy Speaker: With this it will be convenient to discuss the following: amendment 11, page 1, line 21, leave out

', is causing or is likely to cause'

and insert 'or is causing'.

Amendment 12, page 1, line 22, at end insert

'if it is likely to cause such impairment'.

Amendment 13, in clause 3, page 2, line 10, leave out

', is not causing or is not likely to cause'

and insert

'and is not causing but is likely to cause'.

Mr. Chope: Amendment 10 would amend the Bill's definition of the personal injury which would constitute actionable damage. Amendments 11, 12 and 13 would make similar changes to other parts of the Bill to ensure consistency.

I hope that I will not be thought to be critical of the Bill but, rather, will be considered to be a critical friend of the hon. Member for Hendon (Mr. Dismore). The subject of pleural plaques and whether they should be regarded as a condition amounting to an actionable personal injury is highly emotionally charged. As a former member of the Health and Safety Commission, I am well aware of the health and safety aspects of

[Mr. Chope]

exposure to asbestos, and as a former Member for Southampton, Itchen—a constituency containing a disproportionately large number of people who had worked in the ship repair industry and related industries—I am well aware of the hardship caused to the families of those who have died or are suffering as a result of asbestos-related disease. I am therefore very sympathetic to the cause espoused by the hon. Member for Hendon. However, as a lawyer by training and background, I am also anxious that we should retain consistency in the application of legal principles, even when dealing with highly charged and emotional subject matter. Everyone is familiar with the dictum that hard cases make bad law. Indeed, I believe that some of us in the House are currently experiencing the application of that dictum in other contexts.

When clause 2 was discussed in Committee, the hon. Member for Cambridge (David Howarth)—I am sorry that he is not present today—argued that

"anyone who has been exposed to asbestos is in a similar position to someone with pleural plaques, asymptomatic pleural thickening or asymptomatic asbestosis, in that they are at risk of developing the serious diseases in the future."—[*Official Report, Damages (Asbestos-Related Conditions) Public Bill Committee*, 1 July 2009; c. 12.]

In responding to his point, the Minister led us to believe that she was rather sympathetic to it and would wish to return to the issue on Report. It was with some amazement that I noted that the amendment paper contained no Government amendments, given that on two occasions in Committee the Minister had indicated that she would have to consider the issues and whether the Government might wish to table amendments.

What concerns me is that the Minister herself, having expressed reservations, seems still not to have pronounced on whether she wishes the Bill to proceed in its current form, whether she would like it to be amended, or whether she wishes that it was not there at all and wants to will it into the long grass. The position is made worse by the fact that on repeated occasions over the past 15 months or so the Government promised that the results of their consultation paper on this sensitive matter would be published shortly, very shortly or imminently, before the recess. In July, at the very end of the period when the House was sitting, no less a person than the Secretary of State for Justice said that he would respond after the recess. I have discussed the matter informally with the hon. Member for Hendon, and I believe that I am not alone in feeling surprised that we have not yet heard that statement from the Justice Secretary.

Mr. Henry Bellingham (North-West Norfolk) (Con): Does my hon. Friend agree that it is curious that the Government have not been more supportive of the Bill? As I understand it, the Bill would return to the position to the status quo ante, and would solve the problem caused by the House of Lords ruling, obviating the need for the Government to come up with a large amount of taxpayers' money. It could be a win-win situation for everyone.

Mr. Chope: I am not sure I agree that if the Bill were passed in its current form it would bring back the status quo ante, because I think that what is in the Bill is slightly different from the status quo ante. That is one of my reasons for trying to draw out a response from the Minister. However, I share my hon. Friend's scepticism and criticism of the extraordinary way in which the Government have been behaving.

I did a bit of research overnight, as one does, and noticed that when consultation was announced last year, no less a person than the Government Chief Whip—from whom we have already heard once today—expressed the view on his website, on behalf of his constituents, that it was very good news and that progress would be made as a result. I hope that he will return to the Chamber during the debate, and will let us know his present view of the way in which the Government have behaved since then.

The amendments are designed to try to find a middle way, and above all to provoke a response from the Government. As currently drafted, clause 2(1) would enable compensation to be paid even when the condition

"has not caused, is not causing or is not likely to cause impairment of a person's physical condition".

Even when there is no likelihood of future physical impairment, damages would be payable. How can such a proposition be consistent with the law of tort? I do not think that it can be, and, indeed, that is what the unanimous ruling of the House of Lords amounted to.

In February, during a debate in Westminster Hall—another signpost on the route march to what people hoped would be a declaration of the Government's views on the matter—the hon. Member for Wansbeck (Mr. Murphy) said:

"People who have been diagnosed with pleural plaques can think of little else, and all that they can consider is that their next step could be a fatal one, so it is vital that compensation is paid."—[*Official Report*, 11 February 2009; Vol. 487, c. 445WH.]

As he said, he was speaking as somebody who had worked in the mining industry for some 30 years during which he had been almost continuously exposed to asbestos. His own position is therefore almost identical to that of people with pleural plaques. They have had long exposure to asbestos, but do not yet have—and it is to be hoped will not get—pneumoconiosis as a result.

An issue to do with morbidity rears its ugly head at this point. We know that people who think that they are likely to get a serious, life-threatening or fatal disease sometimes become morose and morbid about that. The Government's consultation process was designed in part to raise the issue of whether we should try to allay the fears of people who have been exposed to asbestos by stressing that mere exposure to it does not necessarily result in physical harm let alone loss of life, although we know that, sadly, in many cases that has been the consequence.

What I propose is a middle way. I have used the word "likely". When we define something as likely to happen, we mean that there is more than a 50 per cent. chance or risk of a particular outcome. If we say something is as likely or not to happen we mean that there is a 50:50 chance, but if we say something is likely we mean that there is a greater than 50 per cent. chance of its happening. I think that if somebody has got a more than 50 per cent. chance of suffering a physical result from exposure to asbestos, a genuine argument can be put forward as to why they should be entitled to damages. However, I do not think that it is possible to put forward that argument with the same strength if it is said that there is a zero chance that a person will be subjected to some

life-threatening disease as a consequence of such exposure. That highlights the challenge that the promoter of the Bill, the hon. Member for Hendon, must meet.

It is also a challenge that may have been causing some problems for the Government, but however difficult a legal issue might be, ducking it, running away from it, prevaricating or delaying is not helpful. The consequence of the Government's failure to address this issue is that thousands, if not tens of thousands, of people are completely in limbo land in respect of their claims. They are in limbo land if their claims are before the courts at present and have been suspended pending the announcement of the outcome of the Government consultation and its being known whether they wish to legislate. People who might have to pay any bills as a result of a retrospective change in the law are also in limbo land.

It appears that there is a lot of activity in the Labour party, with one group of people or another being blamed. Lord Mandelson has come in for quite a lot of stick in the *Daily Mirror*, I read; I do not know whether that is fair. What I do know, however, is that a failure to reach a decision is oppressive for all those people who are affected in one way or another by this situation. I hope that the Minister will tell us today, in words of one syllable, exactly what the Government will do and when they will do it, and that she will explain and apologise for the fact that the Government have not faced up to this issue up until now.

The Government must realise that if the opportunity to legislate on the matter through this Bill is missed there would have to be emergency legislation at the tail-end of this Parliament, and that might not be at all easy to achieve. The Bill could be used as a vehicle for achieving the objective, and at one stage I thought the Government were using it as such, but their failure to table any amendments notwithstanding the concerns expressed in Committee makes me suspicious of their motives. I may be being unfair, but I judge things today on the basis of the record, and the current Government's record of being open and forthcoming with the House is dismal and appalling in the extreme.

The amendments do not purport to provide a perfect solution. I believe that they are an improvement on the current draft, however, and I look forward to hearing what the Government have to say. I am sure that many Labour Members, as well as my hon. Friend the Member for Shipley (Philip Davies) who supports the amendments, are of a similar view. A few succinct words from the Minister—I am happy to give way to her if she wants to intervene on me now—could certainly allay a lot of concerns. Amendments 11 and 12 amend clause 2(3) and amendment 13 amends clause 3 to achieve the same objective.

We do not need to go into the alternatives possible should amendment 10 not be agreed—and, indeed, if the Bill is not passed—but perhaps the Minister will comment on the suggestion made in obiter dicta by some of the Lords in the House of Lords decision that those who are seemingly without a remedy in negligence may be able to get access to a remedy for breach of contract. If she were to share with the House any thoughts on that that she might have, it would inform the debate on future amendments and on Third Reading.

Question put, That the amendment be made.

The House divided: Ayes 3, Noes 39.

Division No. 220] **[9.57 am**

AYES

Hollobone, Mr. Philip
Steen, Mr. Anthony
Widdecombe, rh Miss Ann

Tellers for the Ayes:
Philip Davies and
Mr. Christopher Chope

NOES

Bottomley, Peter
Brown, Lyn
Brown, rh Mr. Nicholas
Bruce, rh Malcolm
Bryant, Chris
Clapham, Mr. Michael
Cunningham, Mr. Jim
Fitzpatrick, Jim
Follett, Barbara
Goodman, Helen
Harris, Dr. Evan
Hepburn, Mr. Stephen
Hillier, Meg
Iranca-Davies, Huw
Jones, Mr. Kevan
Keeley, Barbara
Khan, rh Mr. Sadiq
Kidney, Mr. David
Mackinlay, Andrew
Mallaber, Judy
Marris, Rob
McFadden, rh Mr. Pat
McIsaac, Shona
Mudie, Mr. George
O'Brien, rh Mr. Mike
Primarolo, rh Dawn
Purchase, Mr. Ken
Raynsford, rh Mr. Nick
Rooney, Mr. Terry
Rowen, Paul
Shaw, Jonathan
Sheridan, Jim
Simon, Mr. Siôn
Skinner, Mr. Dennis
Smith, rh Angela E. *(Basildon)*
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Turner, Dr. Desmond

Tellers for the Noes:
Mr. Andrew Dismore and
Mr. David Anderson

Question accordingly negatived.

Clause 3

LIMITATION OF ACTIONS

Mr. Chope: I beg to move amendment 14, page 2, line 13, leave out paragraph (b).

Mr. Deputy Speaker: With this it will be convenient to discuss the following: amendment 15, page 2, line 15, leave out subsection (2).

Amendment 16, page 2, line 20, leave out clause 4.

Amendment 17, in clause 5, page 2, line 31, leave out subsection (2).

Mr. Chope: The purpose and effect of amendment 14 are to remove a retrospective element from the Bill. In Committee, the Minister said that clause 3

"does not reflect the different legislation on limitation periods for Northern Ireland. We shall have to look at that at a later stage."—*[Official Report, Damages (Asbestos-Related Conditions) Public Bill Committee, 1 July 2009; c. 13.]*

I am amazed that in the previous debate, notwithstanding the concern expressed in all parts of the House on this issue, the Minister did not have the courtesy to explain the Government's position on the Bill. In private, during the Division, I asked her why she had not spoken and her reply was that it was because she was neutral on the Bill. If the Government are neutral on it, how come so many Ministers voted against the previous amendment? There seems to be some inconsistency.

Mr. Deputy Speaker: Order. I am sure the hon. Gentleman realises that we cannot dwell on the previous amendment and the vote on it. We must move on to the amendments before us.

Mr. Chope: I fully accept that, Mr. Deputy Speaker, but I am hoping that as a result of what I am saying the Minister will earn her keep—her substantial salary—by making the effort to stand at the Dispatch Box after I have spoken to explain her views on amendment 14 and the associated amendments and explain what she meant by those comments in Committee. I know the frustration of so many Members—mainly, but not exclusively, Labour Members—who have been campaigning on this issue at the fact that the Government have not responded to the consultation and not yet said what they are going to do. I am surprised and disappointed that there was not greater participation in the previous debate—I hope that there will be more in this one.

The importance of these amendments is that they deal with retrospection and the consequences of changing the law. The promoter of the Bill, the hon. Member for Hendon (Mr. Dismore), said that if anyone wanted to take advantage of the law, they would still be able to do so on a retrospective basis. In my view, if anyone wishes to take advantage of the new law, they should have to commence proceedings for the remedies under it after the Bill comes into force—that would be the normal procedure. I do not believe that the Bill is an exact replication of what happened before the House of Lords judgment, so it would create a new legal framework. If people wish to take advantage of that framework, they would have to start proceedings under that framework. The Bill, as drafted, would mean that those who had begun their actions but had not brought them to a conclusion would be in a better position than those who had brought actions and had them determined for lesser sums or on a compromise basis under the old law, so some people would be at a severe disadvantage.

I am also concerned about the issue of retrospection, which is a hot topic. As my right hon. and learned Friend the Member for Sleaford and North Hykeham (Mr. Hogg) said yesterday, it goes to the root of what we mean by the rule of law. If we do not comply with the rule of law and if we start implementing retrospective legislation, we create—*[Interruption.]* So many sedentary comments are being made at the same time that I cannot hear them. If hon. Members wish to intervene one by one—seriatim, to put it in legal terms; I know that the hon. Member for Wolverhampton, South-West (Rob Marris) will understand that term, even if some of his colleagues do not—I shall do my best to respond to them.

10.15 am

Mr. Simon Burns (West Chelmsford) (Con): I can understand in principle my hon. Friend's antipathy to the whole concept of retrospection. With regard to asbestos, however, a problem emerges. A constituent of mine is suffering from lung cancer as a result of asbestos in schools; it has been established that her working environment caused her medical complaint. If the Bill were to be enacted, she would presumably not be able to claim any compensation. That is a bit unfair, given that after this Bill is enacted—if that is what happens—other people would be able to claim. Unfairness might be created purely because of the use of an arbitrary date.

Mr. Chope: My hon. Friend makes a good point. As soon as we start discussing retrospection, we are talking about arbitrariness. That is why most people deplore the principle of retrospection. Most written constitutions outlaw retrospective legislation, which means that if a Parliament seeks to introduce such legislation, it can be challenged successfully through the jurisdiction of the courts of the country in question, on the basis that it is contrary to the constitution. This country does not have a written constitution and we rely, in a sense, on this House to police the standards that we have traditionally held dear and the principles that we have traditionally held dear, which include being against retrospection. Yet this Bill would have the effect of changing the rules back to what its promoter thinks they were before. However, they would not return to what they were before, because what he is really saying is that the law would be changed back to what is contained in this Bill. That means using some indeterminate point in the past, the length of which backwards would be limited only by the operation of the limitation legislation. That would create all sorts of unintended consequences and manifest injustices, along the lines that my hon. Friend has outlined.

I do not know whether the Government are neutral about this matter, whether they are silent or whether they are just in contempt of Parliament. If we do not get an answer on this, it would be very sad indeed, because surely those outside this place should be able to know the Government's response on this issue, which has been included in the Bill. I do not know whether there is a conspiracy of silence involving the Government and Labour Members, and I do not know the Government's motive on this matter. I feel sad that a Bill that has progressed this far, through the ingenuity of the hon. Member for Hendon, is being looked at by the Government as if it were of no relevance whatever. The Minister will not account for herself. I shall give way to her if she wishes to indicate whether or not she will respond to this debate. Is she just going to sit there and not respond? She is smiling—perhaps she will say whether she will respond to this.

The Parliamentary Under-Secretary of State for Justice (Bridget Prentice): Later.

Mr. Chope: That is great; we are making some progress. If the Minister responds to this debate, I will have the chance to respond to her comments, and that will be helpful.

Philip Davies (Shipley) (Con): I absolutely agree with my hon. Friend's point about the principle of retrospection, which is clearly arbitrary and unfair. Does he agree that it might well not be a good argument to use with this Government to try to persuade them of our case, since they have already introduced legislation retrospectively? In fact, they went even further than that and introduced taxes retrospectively in this Parliament.

Mr. Chope: My hon. Friend is right. We have had lots of complaints about those retrospective tax changes, but in fairness to the Government—although I am reluctant to be fair to them—there has always been an element of retrospection in relation to tax legislation. That is why at the beginning of the Budget debate certain of the measures in the orders on taxation are always deemed to have had retrospective effect even

though they have not been passed by the House at that stage. There have always been arguments in very special circumstances for the use of retrospective legislation in relation to tax, but my hon. Friend is absolutely right to say that this Government have extended those conventions far in excess of what they used to be.

We now have this Bill, which might or might not have been connived at by the Government—we will find out shortly—and which sets a dangerous precedent. It makes it much more difficult for those who compromise their principles about retrospection to argue against the retrospective elements of Sir Thomas Legg's rulings, because it makes them look as though they are prepared to argue against retrospection only when it affects them personally rather than a matter of principle. My hon. Friend the Member for Shipley (Philip Davies) and I can openly say that we are against retrospection in all circumstances rather than just in circumstances where it might affect us. There is some commendable consistency on this issue coming from Conservative Members, and I hope that my hon. Friend the Member for North-West Norfolk (Mr. Bellingham), who sits on the Front Bench, will likewise be able to endorse that and say that he, as a shadow Justice Minister, supports the principle that we should not have retrospection. As a barrister by profession and training, he will understand and share my concerns about that.

I shall sit down now and listen to what the Minister has to say, so that I can respond to her points. Perhaps the promoter of the Bill might give the House the courtesy of a response on the issue, too, because it is too important a subject to be left uncommented on.

Mr. Burns: I do not wish to detain the House for long, but I wanted to make one or two points on the amendments introduced by my hon. Friend the Member for Christchurch (Mr. Chope).

In principle, I have considerable sympathy with what my hon. Friend seeks to do. If his amendments were to be successful, they would remove the retrospective nature of the Bill. Like him, I have concerns about retrospective legislation because it can be arbitrary and—in many unforeseen and foreseen circumstances—unfair. However, when one is considering retrospection, one has to judge it case by case. There are some circumstances in which retrospection is not so unfair, or in which it should be considered as an evil, as it might appear at first sight. There are cases—such as in any legislation that involves medical conditions—where it might actually be more unfair not to have a retrospective element. Medical conditions do not occur uniformly and some people might be affected by a new piece of legislation whereas others would not, which would cause unfairness.

As I said in my intervention, I have a constituent who spent all her working life as a dedicated teacher. Unfortunately—this is beyond dispute—she contracted lung cancer as a result of working in an environment where asbestos was present, which has had a life-changing and dramatic effect on her health. If this Bill were to become law and these amendments were accepted, she would not be eligible to seek compensation under the Bill. In theory, someone else who might have been working at the same time and on the same premises might at a later stage develop the same medical condition. Presumably, if the amended Bill became law, that second teacher could seek to claim compensation as it would not be a retrospective claim, but my constituent could not. That, to me, seems arbitrary, unfair and illogical.

That is why I have a misgiving about the intention of the amendments although I have considerable sympathy with the principle of what my hon. Friend is trying to do. When the Minister speaks, perhaps she can address this point and give us the benefit of her role as a Justice Minister and of the legal advice that she can receive by suggesting how we could get round this problem so that we do not have to take the all-or-nothing approach that my hon. Friend's amendments would introduce.

Mr. Andrew Dismore (Hendon) (Lab): I do not want to detain the House, but I would question whether this is a fully retrospective measure. As the hon. Member for Christchurch (Mr. Chope) conceded, the cases that have already been disposed of will not be reopened as a consequence of these changes. Earlier, the hon. Gentleman talked about the thousands of cases that were in limbo. The Bill will make provision for those thousands of cases and will ensure that those people can bring their cases forward rather than having them simply stay as they are. There is nothing, of course, that would stop new claims being brought.

The hon. Gentleman is overstating his case a little when he talks about the retrospectivity of the provisions. They are there to plug the gap in the law that was created by the House of Lords. Effectively they suspend the limitation period for the period since the decision in the House of Lords to the date when the Bill becomes an Act, and then the limitation period starts to run again. The arbitrary nature of retrospectivity was talked about, but this provision is not arbitrary—it is extremely circumscribed and will apply only to cases of pleural plaques.

The hon. Member for West Chelmsford (Mr. Burns) referred to his constituent's case. As he will probably know, I was a personal injury lawyer before I came to the House. Once a lawyer, always a lawyer, and although I am not practising cases I still have a practising certificate and am a consultant with my firm. If he wants to have a word with me afterwards, I will discuss his constituent's case with him and see whether I can come up with any ideas. It is not clear from what he said whether his constituent's case failed because of the limitation defence under section 14 of the Limitation Act 1980, which concerns the date of knowledge, or because an application was made to extend under section 33 of the Act, or whether it failed for other reasons to do with liability.

Mr. Burns: I was not saying that my constituent's case had failed. The point I was making was that if the amendments were accepted and the Bill become an Act and if my constituent now wanted to pursue a claim, she would presumably not be able to because her existing medical condition is known and she has known about it for some time, whereas if someone discovered after the Bill was enacted that they had the same medical condition, they would be able to make a claim. That would be an unfair difference between the two individuals.

10.30 am

Mr. Dismore: The hon. Gentleman is comparing apples and oranges. As I said, I am happy to discuss his constituent's case with him after the debate if he wants to do so, but that case would be dealt with under existing law.

[Mr. Dismore]

The problem is that the House of Lords decision said that pleural plaques were not compensatable. Lung cancer attributable to asbestos is compensatable, although if the claim was left too long the three-year limitation period may have expired, and when the case was brought there may be arguments about the date when the claimant knew the cancer was attributable and about whether the judge should give discretion to disapply the limitation period under section 33. There may even be a defence on causation or failure to satisfy the burden of proof. There could be a series of reasons.

The Bill does nothing to affect existing law as it applies in the case of the hon. Gentleman's constituent and she may indeed have other arguments to advance. On that basis, I hope he will withdraw his concerns about the Bill. It is a narrow, circumscribed provision to deal with a specific problem created by the House of Lords case.

Mr. Burns: I feel that I have nothing to withdraw. I am sorry if my comments were not clear enough, but my concerns were about the amendments, not the Bill.

Mr. Dismore: The amendments would make no difference to the case of the hon. Gentleman's constituent. There would be no benefit to her whether or not they were accepted, because the measure applies only to pleural plaques.

Mr. Chope: One of the amendments we propose would leave out clause 4. Subsection (2) states:

"Sections 1 and 2 are to be treated for all purposes as having always had effect."

That is a retrospective change in the law, so does the hon. Gentleman accept that clauses 1 and 2 do not replicate exactly the law as it was before the House of Lords decision?

Mr. Dismore: We could end up in a rather semantic jurisprudential argument about what was or was not the law before the House of Lords judgment. Theoretically, the House of Lords simply stated what the law always was, so to that extent I agree with the hon. Gentleman, but in practice the Bill turns back the law to what everybody thought it was before the House of Lords judgment. That may be a semantic point, but it is the thrust of the Bill—although only in so far as it relates to pleural plaques.

Philip Davies: But with respect, the Bill does not change the law back to what people thought it was; it changes the law back to what the hon. Gentleman thought it should have been at that time. Surely that cannot be a basis for introducing legislation.

Mr. Dismore: On many occasions, when there has been some weird and wonderful House of Lords decision, the House has passed legislation to put the law back to what people thought it always was. I remember that the decision on causation in the Fairchild case was corrected in the House—putting the law back to what people thought it was before the House of Lords messed around with it.

There is nothing particularly novel about the measure; it is very modest and circumscribed. To the minimal extent that it is retrospective, it is justified and I hope that the House will reject the amendment.

Mr. Bellingham: I am grateful to my hon. Friend the Member for Christchurch (Mr. Chope) for proposing and explaining his amendments. I have only a couple of comments and questions.

As I understand clauses 1 and 2, they put back the old common law, but one of my concerns is the possibility for parallel litigation. Indeed, the Association of British Insurers has talked of a flood of exposure-related cases relating to different types of toxic products. However, having studied the Bill carefully, I think the association is being overly alarmist, because it is tightly drawn.

I should certainly like to hear what the Minister has to say, because we are really going to the hub of the Bill in this debate. I agree with my hon. Friend about retrospection: in principle, it is not a good thing. It is extremely unsatisfactory when applied to tax law—indeed, to any law—to Executive actions or involvement in Members' affairs. On the other hand, if we are to overturn a judgment of the highest court of the land, there must, by definition, be provisions for individuals who might mount an action in the period between a House of Lords judgment and new legislation coming into effect. That is why the hon. Member for Hendon (Mr. Dismore) has a strong case when he points out that the suspension of the limitation period relates only to pleural plaques.

Although my hon. Friend the Member for Christchurch is right about the principle, I should like to hear what the expert—who is of course the Minister—has to say. There is bound to be an element of retrospection but I agree with the hon. Member for Hendon that the Bill is absolutely focused and specific; it refers only to pleural plaques and cannot be extended as the ABI fears. I am comfortable with the clauses as they stand, although I share the concerns expressed by my hon. Friend. However, at this stage, it is important that we hear the view of the sponsoring Department.

Philip Davies: I am listening to my hon. Friend with interest, but does he agree that it is important to defend the retrospection principle? Retrospection may apply only in narrow cases in relation to this Bill, but once the principle of retrospection is conceded on a regular basis it makes it easier to introduce in many other things.

Mr. Bellingham: My hon. Friend is absolutely right. He and I share opinions on many issues, including this one. The only point I put to him is that if one is to use legislation—albeit a private Member's Bill in this case—to overrule a decision of the highest court in the land, there has to be an element of retrospection. Without it, I do not see how we could cope with people who would otherwise have mounted a claim in the intervening period. In my judgment, it is a fair and reasonable thing to do on an extremely defined basis, but I hope that the Minister will put our minds at rest and, above all, give us the opinion of the sponsoring Department, whose job it will be to ensure that if the legislation goes through it is carried out correctly.

Bridget Prentice: I had not intended to speak in the debate on this amendment, but I shall raise a couple of points as a courtesy to the hon. Member for Christchurch

(Mr. Chope), as I think he may have misunderstood me earlier. When I said that I would be speaking later, I meant later in the debate as a whole.

It is flattering of the hon. Member for North-West Norfolk (Mr. Bellingham) to describe me as the expert when I am surrounded by lawyers. It would be with some trepidation that I described myself as an expert in this subject.

I agree that retrospection is not always a good thing and that it should be avoided as much as possible, but the hon. Member for West Chelmsford (Mr. Burns) made the very good point that it can be appropriate in certain cases, such as the one he described. If the amendments proposed by the hon. Member for Christchurch were accepted, they would take the heart out of the Bill and although the decision is for my hon. Friend the Member for Hendon (Mr. Dismore), whose Bill it is, I caution against support for the amendments.

Mr. Chope: Can the Minister explain what she meant by her comments on clause 3 in Committee and the different arrangements for limitation periods in Northern Ireland? She said she would have to revisit them at a later stage, but surely we should be considering them at this point rather than on Third Reading.

Bridget Prentice: Since I made that statement, the Northern Ireland Assembly has taken a view as to what it wants to do about the measure, which makes the matter slightly more complicated and is one of the reasons why, unfortunately, we are still looking at some of the detail. There are problems with different limitation periods and it is something we have to look at carefully, but we shall have to do that in co-ordination with the Assembly. On that basis—

Mr. Chope: Will the hon. Lady give way?

Bridget Prentice: I have said as much as I need to say on the clauses, but I shall give way.

Mr. Chope: I am very grateful to the hon. Lady for her indulgence. Am I right to interpret what she just said as meaning she is unhappy with clause 3?

Bridget Prentice: No, I am not saying that I am unhappy with clause 3; I am saying that we need to reflect further on it. If we are to go down this road at all, we want to ensure that we do so properly. I am perfectly happy for my hon. Friend the Member for Hendon to continue to press the issues, and I hope that we can then move on with the debate.

Mr. Chope: At least we have what I think is the beginning of a debate. The Minister has promised that if we reach Third Reading, we will have a lengthier debate—when she will perhaps elucidate on the opaque comments that she just made. She says that retrospection must be avoided as much as possible, but we should go much further, because, when the Select Committee on the Constitution in the other place reported on retrospective aspects of the Banking Act 2009, it drew the House's attention to the need for a

"compelling reason in the public interest for a departure from the general principle that retrospective legislation is undesirable. There is therefore a heavy onus on the Government to justify to the House why a retrospective provision"—

it was referring to a provision in the then Banking Bill—

"of such breadth...is required in the particular context of this bill".

The Minister did not discharge that heavy burden upon the Government to justify retrospective legislation, and I am very disappointed about that, because the retrospective element in the Bill before us tarnishes the whole thing.

My hon. Friend the Member for North-West Norfolk (Mr. Bellingham), speaking from the Opposition Front Bench, said that clauses 1 and 2 re-established the old common law, but, with the greatest respect to my hon. Friend, I must say that once the highest court in the land has pronounced upon the common law and Parliament has overturned that pronouncement, Parliament replaces with statutory law that part of the common law by repealing it through an Act of Parliament. The courts can interpret that, but I do not think it possible jurisprudentially to go back to the old common law by passing a statute saying that the old common law shall apply. However, if my hon. Friend has a different view about that, because in that area of jurisprudence he may be a greater expert than other Members, I shall gladly give way to him and defer to his better judgment. My understanding, however, has always been that there is common law, and that once statute law has been introduced to replace the common law, there is nothing that one can do about it.

I do not think that my hon. Friend really shares my concerns, but what concerns me is that the Bill makes a retrospective change in the law of negligence, which is applied only to one aspect of damage or personal injury, by defining that personal injury in much wider terms than it could be defined elsewhere in the common law of tort. No justification has been put forward for doing so, other than the justification of expediency. In a sense, that was the point that my hon. Friend the Member for West Chelmsford (Mr. Burns) made—that there are circumstances in which it is expedient to make such a change. However, as soon as we start talking about what is expedient and abandon the rule of law, we get into what is now colloquially called the court of public opinion. From the press cuttings that I have read, I have no doubt that the court of public opinion thinks that people from the mining and shipbuilding industries who suffer from pleural plaques need not only sympathy but compensation. However, this court, which is not subject to the rule of law, can be volatile and there is a thin dividing line between the court of public opinion and mob rule.

10.45 am

The court of public opinion would probably have liked IRA bombers to be left to a lynch mob, but the rule of law prevented it, and I would defend the rule of law to the end. Once we abandon the principle of the rule of law, we are in grave jeopardy, because, as the Leader of the House said so cogently yesterday, its abandonment inevitably leads to arbitrariness. That means unpredictability; it means regimes such as Mugabe's—that type of operative—can ultimately come into play; and that people live in fear about whether they will be dealt with, or punished, by the state without having any remedy or knowing in advance about whether they have offended the rules of the land.

As for the response given by the hon. Member for Hendon (Mr. Dismore) to my hon. Friend the Member for Shipley (Philip Davies) in respect of clause 4(2), I

should say that, far from turning the law back to what everyone thought it was, the Bill will turn it back to what the hon. Gentleman thought it was and wanted it to be. However, he was wrong: as a lawyer, he must accept that, in the light of the House of Lords ruling, if he felt that the law was as his Bill sets out, he was wrong. He has been proved wrong and told that he is wrong by the highest court in the land, so now he is trying to get his own back on that court and its members by telling them that they were wrong. At all material times, however, we cannot say that they were wrong, because at all material times, as the hon. Gentleman has made clear, the House of Lords ruling is that the common law was and is as enunciated in that judgment.

All that can happen now is a change of law by statute—enacted by this House to implement the hon. Gentleman's Bill. However, if this House—this Parliament—changes the law, the law should be changed prospectively rather than retrospectively; and, if that law introduces new rights, based on an interpretation of the hon. Gentleman's legislation, people who currently suffer from pleural plaques or may do so in the future will be able to exercise those rights under the rule of law. They will have their right of action under the hon. Gentleman's legislation.

I fear that the law of expediency and populism is being introduced to try to replace the rule of law. On the point that my hon. Friend the Member for West Chelmsford made about his own case, having recently been in correspondence with the Government, I must note that when the criminal injuries compensation legislation was brought in, it gave compensation rights to those who were the victims of abuse—even at the hands of a relative—provided that they were under 18 years old.

I have a case of two siblings—one was under 18 and when the law was introduced and the other was over 18, but both had been subject to abuse. The younger of the two has been awarded compensation under the law, but the older has not because the law did not apply retrospectively. That is a hard case—there is no doubt about it, and I am sure that my hon. Friend the Member for West Chelmsford agrees. Do we then say that that provision under the Criminal Injuries Compensation Act 1995 should have been retrospective? Various bodies, such as the Law Society or the Law Centres Federation or some such body, have suggested that, but the Government have resisted it because they say that the law was prospective, not retrospective. When it was passed, it was said that one had to be under 18 at the time to qualify for remedies under it.

Inevitably, any law passed in the House, unless it has general retrospective application, will create dividing lines, and there will be hard cases. However, should those hard cases cause us to usurp the principle of the rule of law? My argument is that that is wrong. Some people believe that it is right. However, as soon as we start saying, as my hon. Friend the Member for West Chelmsford did, that we should look at things on a case-by-case basis, we effectively abandon the principle of the rule of law and lay ourselves open to arbitrariness. For example, someone might say, "This has got lots of headlines in the local paper; we must concede the point", when we would not concede on another case. I think that that is a fundamental issue, and it is why I continue to be concerned about the Bill's retrospective nature.

Philip Davies: I hope that my hon. Friend will not miss out the amendments he tabled to clause 3 in his speech, and that he will also comment on the Minister's rather extraordinary point. When he pressed her, she said that the Government were still considering the detail. Is not it slightly alarming that we are considering whether to amend a specific clause, yet the Government have not even considered the detail?

Mr. Chope: My hon. Friend makes a cogent comment, as he so often does in the House. We were told that we would get a full response from the Government to the consultation paper, which extends to 50 or so pages, before Christmas last year. We never got it. We were told that we would get it before the House rose for the summer recess—we never got it. We were told that we would get it at the end of the recess, and we do not have it even today. We have no indication from the Minister of when—if ever—we will get it. The Government are treating the House with contempt. More important—they regularly treat the House with contempt—they are treating all the victims who are affected by pleural plaques with contempt. That is unforgivable.

The Government say that they are still considering the detail. How long will that last? What are the likely conclusions? How can that be consistent with the Government's approach—as so far revealed—of being benevolently disposed towards the Bill? Perhaps they are not—perhaps they are playing a double game, and if there is a Division on the Bill, they will withdraw their troops and leave the hon. Member for Hendon isolated so that they do not have to account for what happens on Third Reading. I hope that I am wrong because I would like a Third Reading debate. However, my hon. Friend the Member for Shipley is right that something odd is going on.

It is significant that the Minister did not respond to all my amendments. She did not respond to the amendment that would ensure that the Bill did not apply to the Crown. I tabled it to try to draw out some information about the extent to which the Government believed that the Crown would be affected by the change in the law that the Bill proposes. Her response on limitation of actions was simply to say that the change in law or what has been said in Northern Ireland made the matter even more complicated. Where does that leave us? It is the first time she has said that, but perhaps she can get some briefing about what she means by it. Does it mean that she thinks that the period that has elapsed since the end of the consultation—more than a year—justifies another year's delay in reaching a consultation because of what has happened in Northern Ireland? Perhaps she is hoping for that.

The Government's response has been wholly unsatisfactory. For the reasons that I have given, amendment 16 to remove clause 4 is the most important amendment. Without clause 4, the Bill would not have retrospective effect. We would respect that, at all material times, the common law is as enunciated by their lordships in the judgment that I mentioned, but that, from the time the measure got Royal Assent, the law in the narrow field of damages for pleural plaques would be different, as outlined in the Bill.

I would therefore like to withdraw amendment 14 and press amendment 16 to a Division. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 4

COMMENCEMENT AND RETROSPECTIVE EFFECT

Amendment proposed: 16, page 2, line 20, leave out clause 4.—*(Mr. Chope.)*

The House divided: Ayes 0, Noes 48.

Division No. 221] **[10.57 am**

AYES

Tellers for the Ayes:
Mr. Christopher Chope and Philip Davies

NOES

Bellingham, Mr. Henry
Bottomley, Peter
Brown, Lyn
Brown, rh Mr. Nicholas
Bruce, rh Malcolm
Burns, Mr. Simon
Clapham, Mr. Michael
Corbyn, Jeremy
Cunningham, Mr. Jim
Dismore, Mr. Andrew
Dobson, rh Frank
Fitzpatrick, Jim
Follett, Barbara
Goodman, Helen
Green, Damian
Harris, Dr. Evan
Hepburn, Mr. Stephen
Hillier, Meg
Hollobone, Mr. Philip
Hutton, rh Mr. John
Irranca-Davies, Huw
Jackson, Glenda
Keeley, Barbara
Khan, rh Mr. Sadiq
Levitt, Tom
Mackinlay, Andrew
Mallaber, Judy
Marris, Rob
McFadden, rh Mr. Pat
McIsaac, Shona
Mudie, Mr. George
Prentice, Bridget
Primarolo, rh Dawn
Pugh, Dr. John
Purchase, Mr. Ken
Raynsford, rh Mr. Nick
Rooney, Mr. Terry
Rowen, Paul
Shaw, Jonathan
Simon, Mr. Siôn
Skinner, Mr. Dennis
Smith, rh Angela E. *(Basildon)*
Spellar, rh Mr. John
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Turner, Dr. Desmond
Wiggin, Bill

Tellers for the Noes:
Mr. David Anderson and Jim Sheridan

Question accordingly negatived.

Third Reading

11.9 am

Mr. Dismore: I beg to move, That the Bill be now read the Third time.

I am very pleased that the Bill has been able to get this far. Perhaps it is more than a coincidence that today is the 175th anniversary of the great fire of Westminster. If there had been asbestos in the building, we might all be suffering from pleural plaques, but it might not have burned down.

The normal thing to do on Third Reading is thank those who have helped with the Bill. I thank Ian McFall and Tom Jones of Thompsons solicitors, who have done a lot of research and drafting for me; the Association of Personal Injury Lawyers; and all hon. Members who have turned up today and on previous occasions to support the Bill and who have maintained the Trappist vow of silence as I asked. Many would have liked to have got their names on the ticket by speaking in the debate, and I am grateful that they have not done so to give time to ensure that we had a chance to get the Bill through.

I also thank the Chief Whip—he cannot speak in the House, but he has been extremely helpful with the Bill—and the Government. Whether they have been neutral or supportive, they have not sought to obstruct the Bill, to its great benefit.

The people who will benefit are the thousands who suffer from pleural plaques. Pleural plaques in themselves are not disabling, but they are a cause of great worry and they cause physiological changes. About 10 per cent. of people who have pleural plaques go on to develop something more serious.

The fact remains that cases brought in such circumstances are not only about compensation for pleural plaques but about establishing liability for possible future injury. Through the provisional damages system, liability can be established for pleural plaques, and if somebody went on to develop asbestosis or mesothelioma, they would already have the question of liability out of the way. That will shorten claims in future for those conditions, bearing in mind how rapidly they develop and how disabling they can be.

The Bill is modest. It seeks only to turn back the law to what we thought it was prior to the decisions in the courts. Any alternative scheme would cost taxpayers, but turning back the law to what we thought it was will mean that the insurers will have to pay out on the risk that they accepted through the premiums that they took, and that they will not get an unfair windfall.

The Bill is tightly drawn. It is not the thin end of the wedge and will not open the floodgates to any form of parallel litigation for other illnesses or injuries—it relates purely and simply to pleural plaques. It maintains the basic principles of negligence or breach of statutory duty as the tests for liability. The burden of proof that the claim exists and should be upheld will still be on the claimant.

As we have debated, the Bill provides for a suspension of the limitation period, not its disapplication, from the date of the House of Lords decision until the Bill comes into force. That is only fair, but it would not affect any cases that have already been settled or decided in the courts.

I commend the Bill to the House. I realise that there is little time left in this Session, but I hope that the House of Lords will look upon it favourably when it gets there and ensure that it can have a swift passage, so that it can become law and provide compensation for the many thousands of people who have been left in limbo as a consequence of the House of Lords judgment. It is a modest measure, but an extremely important one that will bring comfort and relief to many people up and down the country.

11.13 am

Mr. Chope: I congratulate the hon. Member for Hendon (Mr. Dismore) on having got his Bill this far and having exercised self-restraint in expressing the feelings of frustration that I know he has about the behaviour of the Government on this issue over the last 18 months. I also congratulate him on having found a sponsor for his Bill in the form of Thompsons solicitors, and I am sure that the hon. Member for Bolsover (Mr. Skinner) will also be pleased, as that firm would stand to benefit significantly—

Mr. Dismore: I would hate for it to be thought that Thompsons had somehow sponsored this Bill, as that is not the case. The firm has given me some expert advice in the drafting and helped with some of the research on the cases. It has not sponsored the Bill, and to say so would give entirely the wrong impression. It is concerned for the victims of pleural plaques, as am I and as is most of the House.

Mr. Chope: I am happy that the hon. Gentleman has put that on the record. Obviously, any firm of solicitors is welcome to provide advice to Members of Parliament, but sometimes solicitors are not as forthcoming in their pro bono activities on behalf of Members. Perhaps they find it easier when they think that they will get more litigation work out of it. I am not saying that that applies to Thompsons, but it is an important point to place on the record.

The hon. Gentleman also said that he is grateful to his hon. Friends for exercising self-restraint and passing up the opportunity to get their names on the ticket. I hope that in that spirit he is also grateful to me and to my hon. Friend the Member for Shipley (Philip Davies) for ensuring that we have had some Divisions, so that the public can see who was present and voting for the Bill, and who was absent. We have enabled hon. Members to put their names on the ticket in terms of accountability.

The hon. Gentleman commended his Bill and repeated his claim that it would turn back the law to the original position. I have concerns about the Bill—specifically that the questions that the Minister raised in Committee remain unanswered. I hope that when she winds up this Third Reading debate, she will explain some of the things that she said in Committee. For instance, she said:

"As my right hon. Friend the Justice Secretary indicated recently, we are committed to publishing our response before the summer recess."

What happened? Later in July the Justice Secretary said that the response would be published after the summer recess. When will that response be forthcoming? There is an enormous amount of interest in it. The Minister and the Justice Secretary have no doubt been working diligently over the summer recess, earning their substantial ministerial pay, so why have they not been able to come up with a conclusion so far? We know that yesterday a report that had been available to the Government since before the recess was published only an hour before a major defence debate. On this occasion, we have not even had the Government's response. I hope that the Minister will give us an unequivocal statement on when we may expect the response to be published.

I hope also that the Minister will explain what she meant by saying that there were complications connected with the Bill and that the Government were unsure about whether to support or oppose it. In Committee, she said:

"The Bill represents one approach to the issue, but a number of other approaches could be appropriate and we want to assess the best response. It is therefore not possible at this stage to give a firm indication of the Government's position on the Bill, pending those conclusions being reached. For that reason it has not been possible for me to table any amendments for consideration at this stage.

On that basis, if the Committee decides that this clause—and the others—should stand part of the Bill, it may be necessary for the Government to oppose it, or table amendments to it, at a later stage."—[*Official Report, Damages (Asbestos-Related Conditions) Public Bill Committee,* 1 July 2009; c. 8.]

I hope that she will expand on those clear statements so that we are wiser about the Government's intentions.

I hope that the Minister will also assure us that whatever the Government decide to do in terms of the law they will not be influenced by the cost to the public purse of any particular course of action. Justice should come without a price. It would be unconscionable if the reason for the Government's delay is that suggested in an article by Paul Routledge in the *Daily Mirror*: that the Secretary of State for Business, Innovation and Skills is concerned about the cost to the Exchequer. If the Government think that, as a matter of law, it is right for people with pleural plaques to receive compensation, the logical consequences should be allowed to follow. Let not the decision be determined by the cost to the public purse. I would like an assurance from the Minister that that is the thinking.

My reservations about the Bill are on matters of principle, not about the costs flowing from it. I side with neither the Treasury nor the insurance companies. However, I would like the law of tort or negligence to remain the same for all classes of action. There should be a standard definition of what we mean by damage, and we should not try to change the law in a piecemeal way, which would be the consequence of the Bill.

As has been said, pleural plaques are asymptomatic. The hon. Member for Hendon said in Committee that they carry a 5 to 10 per cent. risk of developing into a more serious asbestos-related condition, although I think that just now he put the risk slightly higher. It is important, however, to keep the risk in context. Those with pleural plaques will be understandably worried, but they must remember that they have a 90 to 95 per cent. chance of not developing a serious asbestos-related condition. I agree with the Government about the importance of sending out that message: people should be encouraged to live their lives to the full, notwithstanding the fact that they have pleural plaques. They should not regard it as a death sentence or a means of getting what are, even under the Bill and the law as it stands, quite modest damages. Countless numbers of people have conditions that can become much worse, but if they allow them to dominate their lives, they will be the poorer for it. I hope that the Minister will spell that out. I want people in areas where they might be afflicted by pleural plaques, and those already afflicted by them, to get that clear health message about the need to put in context the risk of developing a more serious condition.

I hope, too, that the Minister will explain what she meant when she responded, in Committee, to comments by the hon. Member for Cambridge (David Howarth) about clause 2. He said:

"Arguably, anyone who has been exposed to asbestos is in a similar position to someone with pleural plaques, asymptomatic pleural thickening or asymptomatic asbestosis, in that they are at risk of developing the serious diseases in the future."

He made the point that the Bill does not deal with those who have been exposed to asbestos, perhaps over many years, but who do not have pleural plaques. He argued that they are in exactly the same position as those with the condition. He continued:

"I hope that the Government will bear that in mind when they come forward with their proposals".

because the class of people with whom we should be dealing is much larger than the cohort identified in the Bill.

The Minister responded:

"I take exactly what hon. Gentleman says. The clause extends the provisions in a way that was not included in our consultation exercise, so we would have to consider carefully, in light of our conclusions, whether that should be included in any legislation. I leave it at that, with the same caveat as I left at the end of clause 1, that we shall reflect further on whether we need to amend the clause at a later stage."—[*Official Report, Damages (Asbestos-Related Conditions) Public Bill Committee*, 1 July 2009; c. 12.]

Having had the chance to reflect during the intervening period—it amounts to July, August, September and half of October—has she reached a conclusion on that point?

Obviously, if the Bill receives a Third Reading in this House, it will go to the other place. Little time remains in this Session, but I understand that the other place has an additional Friday sitting set for early November. I do not know whether that is to deal with Government business or private Members' business, but there will be every opportunity for the other place to consider this Bill. If it is presented with a whole lot of Government amendments, the Bill is dead. I hope, therefore, that the Minister will say unequivocally when summing up whether she intends to table amendments when the Bill reaches the other place. Or will she give a guarantee not to do so? Does she support the Third Reading of the Bill in its current form, is she against it, or is she neutral? She owes it to those outside and inside this House who have been campaigning on this issue, to clarify, and to be open and transparent about, the Government's intention.

A point came up earlier about complications arising through Northern Ireland. Will that be used as an excuse for further procrastination and delay, or do the Government, with their enormous army of civil servants, intend to sort it out pronto? I am a great believer in the concept, "Where there's a will, there's a way", and the fact that the Government have been so slow to reach a conclusion, and have been seen to be leading people up the garden path, has done everyone a great disservice. That is why I think that, although I do not agree with the hon. Member for Hendon on all his legislative proposals, he has done this House and those who have been campaigning on this issue a great service in introducing the Bill. It is a good subject for a private Member's Bill, and even if it does not get on the statute book, provided the Minister plays the game in the way that I have suggested, it should enable the Government to be held properly to account.

For my part, I must put on the record my concern about retrospective change in the law. It goes too far to define as conditions constituting actionable damage, for the purposes of negligence and tort, those that have not caused any impairment of physical condition or personal injury, are not doing so, and will never do so. Such a provision is centred around the fear that something might happen. An enormous number of other conditions could result in fear and so on. If that fear results in a proper psychiatric condition, it can be compensated for, but in normal situations it cannot. To pick out an asbestos-related condition in preference to all those other conditions—we could think of those individuals who are exposed to danger and physical or mental damage in Afghanistan at this time—is the wrong thing to do. That is why I am against the Bill and why I am concerned about its retrospective aspects.

Whatever else happens, people need to know where they stand, but at the moment everybody is in the dark. People hope that the Government's intentions will be to have retrospective legislation, which will enable them to get their compensation, although if the Government do not act in that way, they will have to face up to the fact that they will not get compensation and live their lives accordingly. But they cannot be expected to put their lives on hold, waiting for the Government.

Although it might be convenient for the Government to say, "Well, this is something that we can hand over to an incoming Conservative Government next year," that would be very irresponsible, because it would mean further delay. Although my hon. Friend the Member for North-West Norfolk (Mr. Bellingham) will probably argue strongly from the Front Bench that the issue should form a major part of any first Queen's Speech of an incoming Conservative Government, that can never be guaranteed, because of the enormous legislative programme that will be necessary to put right the things that this Government have done wrong over many years.

I will not go down that route and set out the specifics. All I am saying is that to fail to act decisively on this Bill, at this stage in the Parliament, would be a gross dereliction of duty on the part of the Government. I hope that the Minister will be forthcoming in responding to those points.

11.31 am

Mr. Bellingham: I will be very brief. Let me once again congratulate the hon. Member for Hendon (Mr. Dismore) on bringing the Bill forward. My hon. Friend the Member for Christchurch (Mr. Chope) has scrutinised the Bill in his customary and inimitable way and has provoked a great deal of important debate.

We should not forget that we are talking about victims, albeit victims suffering mainly from a mental condition, although one that can obviously be pretty devastating. Imagine waking up every day knowing that you have a physical condition that could lead to an evil and wicked illness that is invariably fatal, Mr. Deputy Speaker. That is why we need to show compassion to those who are suffering and never forget that they are the only people who really matter in this debate.

The previous common-law situation was based on the case of the Church *v.* the Ministry of Defence, which established the principle of aggregation—in other words, that the fact of pleural plaques could be aggregated with the anxiety and distress caused. It has struck me over the years that that was a satisfactory state of affairs. Compensation was awarded, but we should remember that it was modest, varying from between £4,000 and £7,000 per victim. It was not a life-changing sum of money, but for people who were probably out of work or perhaps from families that had no prospect of getting work, it could bring some relief and happiness at a time when the individual would be suffering from a great deal of anxiety. Also, as the hon. Member for Hendon rightly pointed out, once liability had been established, if the condition developed into full-blown mesothelioma or asbestosis, there did not have to be another court action.

[Mr. Henry Bellingham]

That was a perfectly satisfactory state of affairs, which did not cost the insurance industry a huge amount of money, but on the other hand, I can understand why the industry was determined to challenge it. We then had the case of Rothwell *v.* Chemical and Insulating Co. Ltd in the Court of Appeal, which was upheld by Johnston *v.* NEI International Combustion. That case in the House of Lords held that the pleural plaques per se were not compensatable. The result was extreme anger, and not just in those communities that were previously dependent on traditional heavy industries, mining or refining, but across the whole country.

It is interesting that when I first started to look into the issue in detail, I discovered that there were a number of victims in Norfolk, which is not exactly an area renowned for heavy industry. However, people come to Norfolk to retire and there are also people there who were exposed to asbestos in smaller companies and small and medium-sized enterprises. I would therefore not mind venturing to suggest that in every constituency in this land there will be a small number—and in many cases a significant number—of victims of pleural plaques.

There was huge anger after that House of Lords decision, and we then had a number of Adjournment debates. I spoke in a number of those debates, as did many hon. Members in the Chamber this morning. We kept hearing from the Government that they were concerned about the issue and were going to take action. Then Scotland introduced legislation. The Scottish Executive and Parliament are ahead of the game on this issue, having quickly introduced that legislation. One of the points made this morning, which was also made in those Adjournment debates, is that we will probably end up having one law for Scots and another for people south of the border. That would be an extremely unsatisfactory situation for victims of pleural plaques and could also give rise to many anomalies among people living in the border area of this kingdom.

The Secretary of State for Justice made a written statement—in July 2008, as I recall—in which the Ministry laid out various options for action. Since then, however, we have had procrastination and a lack of decisive leadership by the Government, as my hon. Friend the Member for Christchurch said. I would like the Minister to address that point, because the time has now come for action to be taken. The Government need to make it clear: will they support the Bill, which is a modest measure, or will they take action of their own?

The Government must tell us what is happening, because in the meantime tens of thousands of people are waiting in trepidation. My hon. Friend suggests that they should get on with their lives and look to the future. Perhaps some people will have the willpower to do that, but many others will not be able to, because their condition will have caused them such psychological distress, resulting in their not being able to rebuild their lives.

I am concerned about the prospect of parallel litigation and about what the Association of British Insurers has stated. In its briefing for hon. Members, it points out that the Bill would set a legal precedent with wide implications and that it

"would set a dangerous precedent that could lead to a flood of 'exposure only' claims".

Frankly, however, that did not happen before; indeed, the common law was precise on that point. I congratulate the hon. Member for Hendon on how tightly he has worded his Bill. The ABI's concerns are therefore misplaced. I would like the Minister to comment on that.

On retrospection, which we have discussed, I am as concerned as anyone about any Bill containing retrospective measures. However, voting in favour of the amendment tabled by my hon. Friend the Member for Christchurch would effectively have prevented the thousands of people with pleural plaques from taking any action because of the statute of limitations. In other words, they would have had to start their action within three years of physically discovering that they had pleural plaques, either through a scan or an X-ray. As we have discussed on many occasions, these symptoms often do not have a visible physical manifestation. I sympathise with what my hon. Friend said about retrospection, but his amendment would effectively have wrecked the entire Bill.

This is a modest measure, but we should bear in mind one further point. Health and safety standards have improved out of all recognition. I understand that the average age of pleural plaque victims is past retirement age. In other words, people of my age, and the age of the Minister and the hon. Member for Hendon—people in their 50s, approaching middle age—were not exposed to asbestos as people 10 or 15 years older were. Health and safety standards have improved immeasurably, which is very good news for business and industry. This problem is therefore not going to get worse. We are talking about a finite number of people in this country, and by definition the problem will eventually disappear.

In the meantime, however, there are very real victims in families up and down the country, and they expect action from their Government. We have now been waiting for nearly a year and a half since the Minister's boss, the Secretary of State for Justice, made that written statement promising action, or at least a Government lead on this issue. So far, we have seen very little lead and absolutely no indication that the Government are prepared to grip the issue. There are perhaps seven months before the election, and I hope that the Government will now deal with this, so that all those people out there who are suffering because of this uncertainty will at least know where they stand.

Mr. Chope: My hon. Friend will know that in July the Secretary of State for Justice said:

"The Government will give further consideration to the issue of compensation for people diagnosed with pleural plaques before publishing a final response after the recess."—[*Official Report*, 21 July 2009; Vol. 496, c. 741.]

Has he received any indication of when that response is likely to be published?

Mr. Bellingham: My hon. Friend assumes that I have a direct line to the Secretary of State and to his junior Minister, or that I have their mobile numbers and am on the telephone to them the whole time. Alas, although we have a good relationship, it is not that close. I have been pushing them, but I have to use written parliamentary questions to do so. However, we now have an ideal opportunity to hear from the Minister exactly what the position is and what action Her Majesty's Government intend to take.

11.42 am

Paul Rowen (Rochdale) (LD): I, too, congratulate the hon. Member for Hendon (Mr. Dismore) on his Bill, and on the fact that it looks as though it will actually be given a Third Reading this morning. I hope that when the Minister responds to the debate we shall hear that the Government are to make some time available this Session for the Bill to complete its stages in the Lords.

It is a fact that people who have pleural plaques have been exposed to asbestos. When the Law Lords sought to clarify the law on 17 October 2007, it was made clear that people cannot get pleural plaques without such exposure. It is also true, as the hon. Member for North-West Norfolk (Mr. Bellingham) said, that the victims have received small sums of money in recognition of that exposure. It is therefore disappointing that the Law Lords stopped that in November 2007, but I am afraid that it is not untypical of the way in which victims of asbestos—whether suffering from mesothelioma, asbestosis or another industry-related disease—have had to fight for their just rights and compensation.

In that context, I pay tribute to a lady who, sadly, died yesterday. Diane Willmore did not have pleural plaques; she suffered from mesothelioma. The day before yesterday, in the Court of Appeal, she finally heard that her compensation for exposure to asbestos while a school pupil had been agreed to by the Law Lords. She sadly died yesterday having just heard that news. Her fight and her courage are typical of the actions that victims of asbestos have had to take. I hope that the Bill will put an end to that situation in regard to pleural plaques.

I agree with the hon. Member for North-West Norfolk that, given that it is more than 12 months since the consultation closed and that the Secretary of State promised on 21 July that the response would be published early in the recess, it is disappointing that the Government have not yet published it. It is disgraceful that we should be here today discussing the Bill without having received any indication of the Government's stance. I make a strong plea to the Minister to clarify the Government's position today. Like most other hon. Members present, I hope that she will support the Bill and give us a guarantee that it will move forward in this Session and complete its stages in the House of Lords. If that does not happen, people with pleural plaques will face yet another year of not knowing what the situation is.

As the hon. Member for Hendon said, the Bill is simple, tight and clear in its purpose. It restores the law to what we all thought it was before the Law Lords' ruling. In that sense, it will impose no additional costs on the insurance industry, as the industry had already budgeted for those costs. The costs had already been included when insurers were charging companies their premiums. There will obviously be small additional costs to the Government because of the retrospective element of the legislation, but they will only increase if the Government prevaricate further.

I have been asked to inquire, on behalf of representatives of the asbestos victims support groups, whether the Minister or the Secretary of State will meet them, following the deliberations on the Bill today, to discuss the situation and other asbestos-related issues.

Mr. Bellingham: I should like to probe the hon. Gentleman a little further on his point about public expenditure. It is my understanding that the only possible trigger for extra public expenditure would be in relation to those victims who had been exposed to asbestos while employed by Government Departments or agencies—the Ministry of Defence, or a related agency, for example. It is my understanding that the Bill will not lead directly to any public expenditure on the part of the Ministry of Justice. Will the hon. Gentleman clarify his point?

Paul Rowen: Yes, I am happy to do that. Perhaps I did not make my point very well. There will be expenditure involved, but it will be directly associated with Departments such as the Ministry of Defence.

I hope that the Minister or the Secretary of State will agree to meet representatives of the asbestos victims support groups, following today's debate, to discuss what is going to happen. It would be helpful if the Minister were able to give us a categorical assurance today that the Bill will become law before the end of this Session. She could use Government offices to do that. I see that the Chief Whip is here; perhaps he will be able to tell her that that can happen, and that the Bill will be able to complete its passage through the House of Lords. That will right a wrong and restore rights that people enjoyed prior to the Law Lords' ruling. We have now waited more than two years for this to happen, and I hope that we will today receive a clear, unequivocal yes from the Government that this wrong will be righted and that we can move forward.

11.48 am

Bridget Prentice: I begin by offering my condolences—and, I am sure, those of the whole House—to the family of the constituent of the hon. Member for Rochdale (Paul Rowen) who sadly died of mesothelioma yesterday. Later in my speech, I hope to say something that might be of some comfort—if not to that family at least to other victims of mesothelioma, which is a dreadful, horrendously painful and nasty disease.

I congratulate my hon. Friend the Member for Hendon (Mr. Dismore) not just on pursuing this issue, but on getting this first Bill of its kind on the agenda today. He has been assiduous in pursuing the matter, as have many other hon. Friends who have supported him today and raised similar issues in the many Adjournment debates over the past year and a half or so to which I have replied. I take only a little advice from Opposition Members in respect of my own frustration that we have not yet reached a conclusion. I completely understand the frustration of my hon. Friends and other honourable colleagues who have campaigned on this issue on behalf of their constituents for a very long time.

I confirm for the hon. Member for Rochdale that I will, of course, meet representatives of the asbestos victims support groups. I have met many such groups, trade unions and others who have campaigned on this issue, just as I have met those, including the Association of British Insurers, who are opposed to our doing anything at all about it.

I shall not go through the history of the Bill or the legal position resulting from the House of Lords judgment, as I believe the hon. Member for North-West Norfolk (Mr. Bellingham) has already outlined that fairly comprehensively.

[Bridget Prentice]

We said that there would be consultation on action to improve the understanding of pleural plaques and provide support and reassurance to those diagnosed with it in order to alleviate their concerns. I accept the point made by the hon. Member for Christchurch (Mr. Chope) that there is still a big job to be done on giving further support to people diagnosed with pleural plaques and on explaining the consequences that are or are not likely to result from having them. That is part of the reason why we have not yet given our full response to the consultation.

It is only right at this point that I should apologise to my hon. Friends, to all hon. Members who have campaigned on this issue for some time and, indeed, to the House as a whole for the fact that the Government have not yet responded. That is very frustrating for everyone concerned. I apologise absolutely for that, but it is not through want of trying. We have consulted different groups and only yesterday met a number of medical experts who argued both sides of the case—so there is still further consideration to be taken. I cannot therefore give a categorical date for when the Government response will be made, although I can give my personal commitment to continue to go back to my colleagues in order to reach a conclusion as quickly as possible. As a number of hon. Members have said, time is moving on—not only in a parliamentary sense, but in respect of the lives of the individuals affected.

Philip Davies: I am sure that the whole House will accept the Minister's apology in the spirit in which it was given, but we are being invited today to support the Third Reading of a Bill, so will she explain how on earth we can possibly do so when there has been no Government response to the consultation? The Minister admitted in response to an intervention from my hon. Friend the Member for Christchurch (Mr. Chope) that the Government were still looking at some aspects of the Bill's detail. How can the Government ask us to support the Third Reading of a Bill whose details they have not thought through themselves?

Bridget Prentice: The hon. Gentleman will know that many a Bill goes through this House or the other place whose details have yet to be hammered out. Our bicameral system provides an opportunity for amendments to be proposed at a later stage, so I am quite relaxed about the Bill going through today, as I expect it will, because if further amendments are necessary, they can be tabled elsewhere.

We have made it clear throughout that it is important to ensure that any decisions are taken on the basis of the best available medical evidence on pleural plaques. That is why we commissioned and have already published the reviews of the medical evidence that were carried out by the chief medical officer and by the Industrial Injuries Advisory Council. They will help to inform our consideration.

Mr. Chope: I am very interested in what the Minister has had to say so far. She has indicated that there is a possibility that amendments will be introduced in the other place. Of course we accept that, but obviously it would be necessary for this place to consider those Lords amendments. Is the Minister guaranteeing that the Government will provide the necessary time if such circumstances arise during the remains of the current Session?

Bridget Prentice: In the course of my life in Parliament I have been in the Whips Office, and I know better than to make a claim about parliamentary time while the Chief Whip is sitting to my right. However, I think that he has heard what the hon. Gentleman has said, and I am sure that he will take it into account when the business managers consider future business.

I met medical experts yesterday in response to representations from asbestos campaigners and, in particular, to a request from my hon. Friend the Member for Barnsley, West and Penistone (Mr. Clapham). My right hon. Friend the Secretary of State for Justice had said that he would facilitate a meeting. I had a very helpful and informative discussion with those experts, and as a result further issues were identified. We must consider those issues and the views that are expressed before we finally publish our response.

Mr. Chope: Will the Minister give way?

Bridget Prentice: I will give way one more time.

Mr. Chope: The Minister is being very generous. Can we take it from what she has said that the last word from the Justice Secretary about a final response after the recess is redundant, and that we are now talking about a final response in the next Session of Parliament rather than before the Queen's Speech?

Bridget Prentice: The hon. Gentleman has mentioned "a final response after the recess" a number of times, but we are only four or five days into "after the recess". I think, to be fair, that the Justice Secretary is still capable of ensuring that we give a response as soon as we possibly can.

What I can say in response to the hon. Member for Rochdale and, indeed, the hon. Member for Christchurch is that it is important for us to consider how much more support we can give to people who have been exposed to asbestos. We have been absolutely consistent in our commitment to giving people who are suffering from mesothelioma and other serious asbestos-related diseases the help that they deserve.

I was a Minister at the time when we introduced in another Bill compensation for mesothelioma victims, and I think that those people recognise that the changed arrangements are thanks to a Labour Government who took speedy action. We will continue to consider how we can speed up compensation so that others, such as the constituent of the hon. Member for Rochdale, can receive it at a more appropriate time.

We are actively considering measures to make the United Kingdom the global leader in research on the alleviation, prevention and cure of asbestos-related diseases and, as I said, to help to speed up the meeting of compensation claims. That will include examination of the process of tracing employment and insurance records, some of which are very difficult to track down, as well as considering what support we can give individuals who are unable to trace such records. As I said during my meeting with the medical experts, nine times out

of 10 exposure to asbestos is due to the negligence of employers. If an employer has been negligent in that respect, he may well also have been negligent in the keeping of records. We will publish our plans shortly.

Paul Rowen: I am very pleased to hear the Minister's announcement. Does that mean that the Queen's Speech will provide for the establishment of a compulsory employers' liability insurance bureau to deal with the problems to which she has referred?

Bridget Prentice: Opposition Members are again asking me to go down a road that it would not be appropriate to go down. It is not for me to say what will be in the Queen's Speech; we must leave that for later.

Mr. Dismore: My hon. Friend need not wait for the Queen's Speech. There could be an alternative Queen's Speech with my 12 Bills. Bill No. 39 on today's Order Paper provides for such a bureau, so perhaps she will support it and give it a fair wind later today.

Bridget Prentice: If we reach Bill No. 39 today that will be something of a record, and my hon. Friend will deserve to get his Bill through on that basis alone.

The Bill before us has to be considered in the context that I have outlined. It represents a possible approach to the issue of pleural plaques—there may be others, too—as well as to the wider issues to do with asbestos-related diseases. We want to ensure that these are considered fully and the best response is identified.

As we are still in the process of assessing that response, it is not possible for me to give a firm indication today of what our ultimate position on the Bill will be. However, I can confirm that I am content for it to proceed today, and I congratulate my hon. Friend on promoting it.

12.1 pm

Mr. Dismore: I do not want to detain the House for long, but I wish to thank every Member who has spoken in this debate.

The Bill had no priority whatever. It was a presentation Bill, the product of my spending an uncomfortable night on the floor of the Public Bill Office to make sure I had the first place in the queue—made a little more uncomfortable by the hon. Member for Christchurch (Mr. Chope) turning up at midnight and waking me by turning the lights on in order to make sure I was there.

Today's speeches from all the Front Benches have been good, and I am grateful for the support that has been given from them. The Northern Ireland point can be dealt with easily: ultimately, that would be a matter for the Northern Ireland Assembly to legislate on, instead of it being incorporated into the Bill.

My hon. Friend the Minister has laid out the position in relation to the consultation and I accept her apology of course, but we could get bogged down in medical issues. This is ultimately a legal issue not a medical question, so it has to be dealt with in terms of legal results. The context of the medical experts may affect how much a claim is worth or the causation question, but we know beyond a shadow of a doubt that pleural plaques are caused by asbestos, so ultimately this has to be a legal issue, as addressed by the Bill.

On how the Bill proceeds, the commencement date is in the gift of the Secretary of State, although he cannot prevaricate for too long because it is a "shall" rather than a "may" requirement. If, as I hope, the Bill is passed and moves to another place today, I am sure that my right hon. Friend the Member for Newcastle upon Tyne, East and Wallsend (Mr. Brown), the Chief Whip, will use his good offices to ensure that it gets a fair reading in the Lords, and that if amendments are made there Government time can be found at the end of the Session to deal with them. I say that as he has been very helpful throughout, and if he wants something done he always gets it done.

The question of the employers' liability insurance bureau is another issue, of course. It is, however, a very important issue, and offers yet another example of how this House should deal with matters relating to asbestos.

I commend the Bill to the House.

Question put, That the Bill be now read the Third time.

The House divided: Ayes 51, Noes 0.

Division No. 222] **[12.3 pm**

AYES

Bellingham, Mr. Henry
Bottomley, Peter
Brown, Lyn
Brown, rh Mr. Nicholas
Bryant, Chris
Burns, Mr. Simon
Clapham, Mr. Michael
Corbyn, Jeremy
Cunningham, Mr. Jim
Dismore, Mr. Andrew
Dobson, rh Frank
Fitzpatrick, Jim
Follett, Barbara
Goodman, Helen
Harper, Mr. Mark
Harris, Dr. Evan
Hepburn, Mr. Stephen
Hillier, Meg
Hollobone, Mr. Philip
Horam, Mr. John
Hutton, rh Mr. John
Irranca-Davies, Huw
Jackson, Glenda
Kaufman, rh Sir Gerald
Keeley, Barbara
Khan, rh Mr. Sadiq
Levitt, Tom
Mackinlay, Andrew
Mallaber, Judy
Marris, Rob
McFadden, rh Mr. Pat
McIsaac, Shona
Mudie, Mr. George
Pelling, Mr. Andrew
Prentice, Bridget
Primarolo, rh Dawn
Purchase, Mr. Ken
Raynsford, rh Mr. Nick
Rooney, Mr. Terry
Rowen, Paul
Shaw, Jonathan
Simon, Mr. Siôn
Skinner, Mr. Dennis
Smith, rh Angela E. *(Basildon)*
Spellar, rh Mr. John
Taylor, Matthew
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Turner, Dr. Desmond
Watkinson, Angela

Tellers for the Ayes:
Jim Sheridan and Mr. David Anderson

NOES

Tellers for the Noes:
Mr. Christopher Chope and Philip Davies

Question accordingly agreed to.
Bill read the Third time and passed.

Law Commission Bill [*Lords*]

Consideration of Bill, as amended in the Public Bill Committee

Clause 1

REPORTS ON IMPLEMENTATION OF LAW COMMISSION PROPOSALS

12.14 pm

Mr. Christopher Chope (Christchurch) (Con): I beg to move amendment 1, page 1, line 4, after 'practicable', insert 'and no later than six months'.

Mr. Deputy Speaker (Sir Michael Lord): With this it will be convenient to discuss the following:

Amendment 2, page 1, line 16, leave out from second 'year' to 'and' in line 17 and insert 'ended 31 March 2010'.

Amendment 3, page 1, line 19, leave out subsection (4).

Amendment 11, page 1, line 23, leave out '(in whole or in part)'.

Mr. Chope: Amendments 1 and 2 try to introduce a better and tighter definition of when the Bill will take effect and, in particular, of when the production of the first of the reports called for in clause 1 will be required. At the moment, clause 1 is very vague, because it uses the words:

"As soon as practicable after the end of each reporting year".

It suggests that the first reporting year would begin on the day that this statute came into force. That would mean that if the Bill obtained Royal Assent this week, the first reporting year would not start until this week and would expire this time next year. By October next year, the time that was "as soon as practicable" after the end of that period would probably be January 2011, perhaps March 2011—in fact, knowing the Government, it might even be December 2011—and that would be the first time that one of these reports would have to be produced on the basis of the definition in clause one. By contrast, the amendments that I and my hon. Friend the Member for Shipley (Philip Davies) have tabled would require that the first reporting year end on 31 March 2010, and on the same date in each year thereafter. That would mean that the first report would be produced on 31 March next year, nine months or a year ahead of the date proposed in the Bill.

Bearing in mind the fact that the Law Commission's most recent annual report for the year 2008-09 covers the year that ended on 31 March, I cannot understand why we cannot have the first of these reports by March 2010 and on that date thereafter every year. That is the proposal and if the Government are true to their word, as they have suggested they are, and if they support the Bill, they should be ready to accept that the reports should be produced sooner than is proposed and that there should be more clarification of when they should be produced. To say that they should be produced "as soon as practicable" is not satisfactory. The previous debate illustrated the extent to which such vague phrases can be exploited by the Government to the detriment of Parliament.

Mr. Simon Burns (West Chelmsford) (Con): My hon. Friend raises an important point, which, as he is aware, is the nub of the Bill. One thing that puzzles me about all this reporting and designation is that the Bill says throughout that it should be done by the Lord Chancellor. If a future Government—or this Government for that matter—were to abolish the position of Lord Chancellor, as Tony Blair sought to do three years ago, would that totally invalidate the Bill if it had become an Act?

Mr. Chope: As an experienced parliamentarian, my hon. Friend will know that the title of Lord Chancellor is incorporated in statute, so the post cannot be abolished without legislation, as the Government found to their great embarrassment. That is why they got themselves into difficulty and decided that rather than test the will of both Houses they would climb down and retain the position of Lord Chancellor. Were they to want to do away with the post of Lord Chancellor, or if a future Conservative Government wanted to do so, which is unlikely, there would have to be legislation. One of the consequential amendments to such legislation would be to change the provisions of the Bill if it had by then become an Act of Parliament. I hope that clarifies the position for my hon. Friend. Ultimately, of course, the person who knows most about the Bill is its promoter, and I am delighted that she is in the Chamber eagerly awaiting the opportunity to respond to this brief debate on the amendments.

Amendments 1 and 2 are straightforward. They introduce clarity and modest expedition. Amendment 3 would remove subsection (4) of clause 1, which states:

"If a decision not to implement a Law Commission proposal (in whole or in part) is taken in a reporting year, subsection (1)(b) does not require a report for a later reporting year to deal with the proposal so far as it is covered by that decision."

If the subsection remained in the Bill, it would mean that once the Government—any Government—had decided not to implement a Law Commission recommendation, that would be the end of the matter. However, the significance of Law Commission recommendations is that often their wisdom becomes more apparent with the passage of time. We can see from the commission's most recent annual report that some of the recommendations that are still to be implemented date back many years, including on topics that have assumed new public concern and importance—for example, from the commission's report on cohabitation.

I think the proposed process is rather bureaucratic, but if we are to have reports on the implementation of Law Commission proposals, we should deal with all the outstanding reports, including those on which no action has hitherto been taken. The reports should contain a useful compendium for members of the public, covering Law Commission recommendations that have not yet been implemented in law, in whole or in part. That would strengthen the purported purpose of the Bill.

Mr. Burns: My hon. Friend makes an extremely powerful point. Given that, in this day and age, people rightly believe that there should be far more transparency within our Government and among our politicians, does he agree that it is incredible that his amendment is not already in the Bill?

Mr. Chope: I hear my hon. Friend, and in a sense it is incredible that the provision is not already in the Bill. On the other hand, we are talking about something that is technical and bureaucratic, because the Law Commission

is ultimately a creature set up by and accountable to the Government. So why do we need new legislation to set up a protocol whereby the commission and the Government can operate and a system that is designed to bring pressure to bear on the Government, to whom the commission is already accountable, to implement and take action on commission reports? If we had proper, joined-up government that was not so bureaucratic and really got on with things, we would not need all that.

The Bill emanates from a proposal by the Lord Chancellor in early discussions on the draft Constitutional Renewal Bill. He is an expert, as are many members of the Government, on producing vessels that appear to be full but are in fact empty. People get really excited and think, "This is a really radical change for the better," but when they look at the vessel they see that it contains nothing. The Law Commission decided that the vessel was—to carry on the metaphor—beached, following the Government's decision not to go ahead with the draft Constitutional Renewal Bill, and after I and the hon. Member for Islington, South and Finsbury (Emily Thornberry), the promoter of the Bill before us, had spent long hours on the Joint Committee considering the draft Bill. The Government did not do anything about it, so the commission thought, "Let's pick this gem out of the draft Bill and make it the subject of separate legislation."

The Bill before us therefore started with Law Commission supporters in the other place. They proposed it, saying, "Let's take this nugget forward." Little did they realise that, far from being a diamond, that nugget was totally worthless—not even as valuable as a piece of costume jewellery. Now that we have the Bill, I am trying with my amendments to give it a little value—at auction probably not much, but a bit. It certainly does not have any value at the moment.

I have spoken to people who are involved with the Law Commission, and I know that some, the more excitable ones, are really excited about the Bill.

Philip Davies (Shipley) (Con): Name them!

Mr. Chope: Perhaps the hon. Member for Islington, South and Finsbury is really excited about it.

I told them that the Bill contains nothing that any Member could not do by asking the Lord Chancellor/Secretary of State for Justice, "Why haven't the Government implemented this proposal from the Law Commission; and when do they intend to implement it?" We do not need a report some 18 months after the event, saying, "These are the outstanding proposals, what are we going to do about them?"

I have said to senior people in the Law Commission that they need to engage with the House, and perhaps the other House, to carry forward their proposals, to persuade colleagues to take them up in private Members' Bills, or to put pressure on the Government to find parliamentary time to implement them.

Philip Davies: I absolutely agree. Does my hon. Friend agree, therefore, that the thrust of his argument is that the Bill is a solution looking for a problem?

Mr. Chope: I am not sure that I do, because there is a problem: the Government treat most Law Commission proposals with near contempt. That is sad, because the commission was set up by Lord Gerald Gardiner, who was in the chambers of which I was privileged to be a member and who had the good sense to appoint my father to the circuit bench. I therefore have a lot of time for the work of Lord Gardiner, and the Law Commission is one of his great legacies.

12.30 pm

The Law Commission is tasked with making proposals for law reform and simplification, and it does that assiduously. When it presents them, the Government often put them on the backburner. If we get to Third Reading, I will give some specific examples of the Government's failure and of their letting down the Law Commission badly. Again, the matter could have been addressed or drawn to public attention through questions, early-day motions and activity in the House.

To revert to the intervention of my hon. Friend the Member for Shipley, there is a problem and the Bill will not solve it because it will not produce action. Nowadays, we are much concerned with action plans as a substitute for action. The Bill proposes reports as a substitute for action and clause 2 includes a protocol, which needs no legislative cover. It is a new concept—a trendy phrase that the Government are using at the moment. Departments should talk to the Law Commission without the need for a protocol—it should be routine, but apparently it is not. As my hon. Friend implies, the whole proposal is a pretty good waste of space. However, I do not necessarily want to rain on the parade—it is not my wont.

Amendment 11 would remove the phrase "(in whole or in part)" from subsection (5) of proposed new section 3A in clause 1, which currently states:

"If a decision not to implement a Law Commission proposal (in whole or in part) has been taken before the first reporting year, subsection (1)(b) does not require any report to deal with the proposal so far as it is covered by that decision."

That means that if the Government decided not to implement part of a Law Commission proposal, the remaining parts, about which they had not reached a decision, would not be subject to the reporting requirements. That is another gaping loophole in the process.

The Bill has been produced by the Government and, because it is all about gesture politics, they do not want it to have teeth. If I am wrong, I hope to hear from the Minister words to the effect that the Government think that all four amendments are excellent, will strengthen the Bill and can be supported. I await her response with eager anticipation.

Philip Davies: Will she respond this time?

Mr. Chope: Mr. Deputy Speaker, your predecessor in the Chair was here for a previous debate, to which the Minister did not respond. In fairness, she responded to the next two, and we hope that she will keep up her record of responding, perhaps after—*[Interruption.]* The Minister is making some signs to me, perhaps indicating that the promoter will respond first or that she will respond instead of the Minister. I hope that we will hear from both on this important group of amendments, which goes to the heart of whether the Bill has any substance and is worthy of a place among our great statutes, or does not warrant being even a

[Mr. Chope]

minor statutory instrument because it basically deals with interaction between Departments and the Law Commission.

Emily Thornberry (Islington, South and Finsbury) (Lab): I am grateful for the support that has been shown both for the Bill and for the Law Commission. The Law Commission was established in the 1960s to ensure that citizens were the subject of clear, accessible and up-to-date law. Although a considerable number of its reports have been implemented over the years, there is great frustration that too many have had to wait too long to be implemented and that they have lain mouldering away on Government shelves, and that some have failed to be implemented at all.

I gave some examples in Committee on 8 July. For the sake of brevity, I shall repeat only my favourite now. Hon. Members may remember a homo-erotic poem about Christ published in the *Gay Times* to which Mary Whitehouse took exception. As a result, a prosecution for blasphemous libel was taken out. The whole team at *Gay Times* were prosecuted. The editor was fined and given a nine-month suspended prison sentence. The case went all the way up to the House of Lords and failed, but the House of Lords made it perfectly clear that it felt that the law was very unsatisfactory. As a result, in 1985, the Law Commission was charged with reporting back on the issue, but its recommendations failed to be implemented until 23 years later, in the Criminal Justice and Immigration Act 2008. The purpose of the Bill is to address that problem.

We need to find more ways of increasing the momentum for reform, so there are two main provisions in the Bill. The first is the hair shirt clause, which requires the Lord Chancellor to report to Parliament on why reports have not been implemented and what plans he has for doing so. Opposition Members suggest that that kind of accountability can be achieved by early-day motions or parliamentary questions, but we need a systematic approach. It is never comfortable to write such reports and that annual discomfort should bring the Government to heel on the matter. They would need to go on record and say why they have not implemented a report or why they are still considering one. The Lord Chancellor, the Minister responsible for the Law Commission, would come to this place to do that.

The second major provision in the Bill would give statutory support to the protocol. Opposition Members state that that is "trendy", but I make no apology if it is. The protocol is being devised by the Law Commission and the Government, with the intention to provide a more effective collaborative approach to desirable law reform, and to increase the likelihood of the commission's work being relevant and appropriately implemented.

The hon. Members for Christchurch (Mr. Chope) and for Shipley (Philip Davies) tabled amendments aimed at tightening my proposals. I have some sympathy with those amendments and certainly agree with the spirit in which they have been tabled, which is one of support for the Law Commission—an attempt is being made to ensure that the power and authority of the commission is increased.

It is important for the commission to succeed in its statutory task of keeping the law accessible and up-to-date, but there is a risk of losing the entire Bill if the proposals are tightened. The Bill started in the other place. Therefore, any amendments at this stage will mean that the Bill will have to return there. The risk is that it will fail because of timetable considerations. Passing the Bill without amendment today will mean that it can go on to receive Royal Assent and become law.

Mr. Chope: The hon. Lady was in the Chamber during the debate on the Damages (Asbestos-Related Conditions) Bill, which went to Third Reading and which is going to the other place. A hint was given that it will get Government time there and that any subsequent amendments would be considered here in Government time.

My understanding is that the other place will have an additional Friday sitting at the beginning of November. The hon. Lady's Bill is much more advanced than the Bill we considered earlier, because it has already been through the other place. Therefore, any amendments to make the Bill stronger would no doubt be accepted in the other place. They could be dealt with on the extra sitting Friday that their lordships have allocated. I do not think that her fears are well grounded in such circumstances. I agree that they may have been in some years, but surely not this year.

Emily Thornberry: Those matters have been considered and the Bill has been carefully looked after through both places. I hope that we are about to make it law, and we do not wish to risk all at this stage. The amendments might be attractive, but the Bill is not, as it has been described, costume jewellery. It has authority and it will make a difference. Those at the Law Commission have considered this matter carefully, and it is their view that this Bill is suited to their purposes and provides a useful addition to the statutory provisions relating to the commission. The allegation has been made that the idea for these changes came from the Ministry of Justice, but the Law Commission might wish to claim the original idea, which was then subject to negotiation between the two.

The Law Commission believes that the Bill is suited to its purposes and it supports it. It is certainly concerned that we might lose all at this very late stage—

Mr. Chope: The hon. Lady's objections to my amendments seem to be procedural rather than substantive. Why does she oppose the idea of a clearer reporting requirement or of the reporting requirement coming into effect earlier than the Bill currently proposes?

Emily Thornberry: I am a pragmatist, and I wish to improve the law. We are all here to make improvements to the law. We may all have ideas about the ideal law that we would wish to pass, but politics is about compromise and we do what we can. I am doing what I can to ensure that the powers of the Law Commission are improved and that we get better law as a result. It is my judgment that we should proceed with what we have rather than risk all by accepting any further amendments.

I am also interested in the assurances that the Minister may be able to give us, as it is clear that the Government are acting in good faith on this matter. I salute the spirit in which Opposition Members have tabled the amendments,

but I ask them to withdraw them and join me in ensuring that the Bill makes its way securely on to the statute book.

The Parliamentary Under-Secretary of State for Justice (Bridget Prentice): In support of my hon. Friend's attempt to persuade Opposition Members to withdraw their amendments, I have a couple of points to make. First, the hon. Member for Christchurch (Mr. Chope) has talked, in this debate and in a previous one, about Government time in the other place. The other place does not work in quite the same way as we do, and I would not want anyone to think that we can manipulate the programme there. We cannot do so in the sense that the hon. Gentleman suggests.

Secondly, I hope that the hon. Gentleman will withdraw the amendments for various reasons. Amendment 1 covers the timing of the report, but in fact it would be prepared very quickly after the end of the reporting year—indeed, it would be started before the end of the reporting year. I expect that it would be laid before Parliament well before the six-month requirement in amendment 1. Amendment 2 is flawed because it is not clear which year is meant. The effect of amendment 3 would be that whenever the Government decided not to implement a Law Commission proposal, they would have to report on that decision every year. That does not make sense. Once the Government have said that they do not wish to implement a proposal—and have reported that with their reasons—that should be the end of the matter. The drafting of amendment 11 would mean that the report would deal not just with the pending tray of issues that must be decided, but with historical issues, and that would lead to some confusion over the position of an historic decision to implement only part of a proposal from the Law Commission.

I understand and sympathise with the hon. Gentleman's belief that we should be as upfront as possible about when the reports will be laid and what will be in them, but the amendments are not sufficiently clear and would add to confusion rather than achieve the transparency that he desires.

Mr. Chope: I am grateful to the hon. Member for Islington, South and Finsbury (Emily Thornberry) for her remarks, but I am disappointed that she feels that she cannot accept amendments that would strengthen the Bill.

The hon. Lady talks about the powers of compromise and the possibility that the Bill might not get on to the statute book. As she knows, however, the Bill began as a proposal to form part of the Constitutional Renewal Bill, the Second Reading of which is scheduled for next Tuesday. If, as a consequence of strengthening the Bill before us along the lines that we all want, the legislation does not reach the statute book this Session, it will make no difference, because it can be incorporated into the Constitutional Renewal Bill. It could be introduced as a new clause, which no doubt the Government themselves would table or accept, because, as we understand, it is a Government proposal.

Under the Bill, the reporting year would not start until after Royal Assent—so the year would run from October 2009 to October 2010—and the report would be introduced as soon as practicable after that. Realistically, therefore, we would not get the first report until late 2010 or early to mid-2011. If my amendment were incorporated, we could have the first report by next spring. It is a risk worth taking. If, as a result of being incorporated, the Bill does not pass through the other place—because the Government are too reluctant to accept even this modest amendment and to find the time to agree it—we would revert to consideration of the Constitutional Renewal Bill, and I could propose a similar amendment that could be implemented probably on exactly the same time scale.

12.45 pm

Emily Thornberry: The hon. Gentleman refers to time scales. I am sure that he is aware, as a result of conversations, that some within the Law Commission have wanted the power in the Bill to be on the statute book for more than a decade. This is our chance.

Mr. Chope: The hon. Lady is trying to hold a gun to my head by saying, "Because you are sympathetic to the Law Commission, you should be sympathetic to not producing the best legislation in this House." If those within the Law Commission have been waiting for 10 years, why has a Bill been drafted that will not enable the first report to be issued for 16 to 18 months, or even two years?

Mr. Henry Bellingham (North-West Norfolk) (Con): On the point about the timing of the Bill, and the mechanism used—a private Member's Bill—had the Government really wanted to put this on the statute book, surely they could have used one of the Bills already before Parliament, such as the Coroners and Justice Bill, which covers a number of different responsibilities and could easily have accommodated another one covering this Bill. That way we could have spent time in Committee debating it. That might have been a more satisfactory procedure. I agree with my hon. Friend, and I want the Bill passed, but, if Members have concerns, they should be properly discussed.

Mr. Chope: I am grateful to my hon. Friend. We are almost in danger of finding ourselves in a similar situation to that which we face in Committees on statutory instruments, when those instruments cannot be amended. We are nearly accepting, in the main Chamber on a Friday, a self-denying ordinance. We are not sure whether the Government will accept our ostensibly very sensible amendment, which everyone supports, and so we are almost in danger of not pushing it to a decision. That is a ludicrous situation. Sometimes we should call the Government's bluff. I have every confidence that if the amendment is accepted, it will eventually be incorporated on to the statute book. *[Interruption.]* Does the hon. Member for Oxford, West and Abingdon (Dr. Harris) want to intervene?

Dr. Evan Harris (Oxford, West and Abingdon) (LD) *indicated dissent.*

Mr. Chope: The hon. Gentleman leant forward, and I was wondering what he was going to do next. However, he does not want to intervene so I shall not take the matter any further.

The Minister said that the amendments make matters less clear, but I think that they make them much clearer. At the moment, the Bill simply reads: "As soon as practicable". That is much less precise than

"no later than six months".

[Mr. Chope]

I do not understand why the Minister thinks that my proposal would make things worse.

I am afraid to say that the Government's response makes me suspicious, and not for the first time. I am not sure that their heart is really in this Bill. They may say that it is, but if it was, they would accept our amendments instead of quibbling about them. Most importantly, they would have dealt with the substance of clause 1 and done something about the Law Commission's outstanding proposals, on which the Government have taken no decisions. Those proposals are still being considered, thanks to a logjam or some ghastly disease of incompatibility between Departments, leading to paralysis, which is a function of the increased bureaucracy of recent years.

All I am saying is that this is a case where the best and the good go together. At the moment the Bill is less than good. We are putting forward a sensible proposal to amend it. I therefore take pleasure in promoting and supporting amendment 1.

Question put, That the amendment be made.

The House divided: Ayes 4, Noes 36.

Division No. 223] **[12.51 pm**

AYES

Beith, rh Sir Alan
Harris, Dr. Evan
Steen, Mr. Anthony
Taylor, Matthew

Tellers for the Ayes:
Philip Davies and
Mr. Christopher Chope

NOES

Austin, John
Bottomley, Peter
Brown, Lyn
Brown, rh Mr. Nicholas
Bryant, Chris
Clapham, Mr. Michael
Corbyn, Jeremy
Cunningham, Mr. Jim
Dismore, Mr. Andrew
Follett, Barbara
Goodman, Helen
Hutton, rh Mr. John
Jowell, rh Tessa
Kaufman, rh Sir Gerald
Keeley, Barbara
Khan, rh Mr. Sadiq
Levitt, Tom
Mackinlay, Andrew
McFadden, rh Mr. Pat
McIsaac, Shona
Mudie, Mr. George
O'Brien, rh Mr. Mike
Pelling, Mr. Andrew
Pound, Stephen
Prentice, Bridget
Primarolo, rh Dawn
Raynsford, rh Mr. Nick
Robinson, rh Mr. Peter
Shaw, Jonathan
Sheridan, Jim
Simon, Mr. Siôn
Skinner, Mr. Dennis
Smith, rh Angela E. *(Basildon)*
Spellar, rh Mr. John
Thomas, Mr. Gareth
Timms, rh Mr. Stephen

Tellers for the Noes:
Emily Thornberry and
Judy Mallaber

Question accordingly negatived.

Clause 2

PROTOCOL ABOUT THE LAW COMMISSION'S WORK

Mr. Chope: I beg to move amendment 4, page 2, line 12, leave out 'may' and insert 'shall'.

Mr. Deputy Speaker (Sir Alan Haselhurst): With this it will be convenient to discuss the following:

Amendment 5, page 2, line 12, after '(1)', insert

'no later than six months after the coming into force of this Act'.

Amendment 6, page 2, line 15, leave out 'may' and insert 'shall'.

Amendment 7, page 2, line 23, at end insert—

'(d) the way in which any breaches of the protocol shall be publicised and remedied.'.

Amendment 8, page 2, line 24, leave out 'must' and insert 'may'.

Amendment 9, page 2, line 28, leave out 'have regard to' and insert 'comply with'.

Mr. Chope: The amendments have the same intention for clause 2 as the previous amendments relating to clause 1. Amendment 4 is there because "shall" requires that something should be done rather than making it merely permissive as "may" does. I hope that the amendment will be accepted, not least because I know that discussions are already taking place between the Lord Chancellor and the Law Commission on the contents of the protocol.

Because those discussions are already taking place in anticipation of the implementation of clause 2, I hope that amendment 5, which would require the protocol to be in place

"no later than six months after the coming into force of this Act"

will also find favour with the Bill's promoter and the Government.

Amendment 6 would leave out "may" and insert "shall" again, so that the protocol must rather than may include, among other things, various provisions about principles and methods of working. What is the point of putting "may" on the statute book? Obviously a protocol can include anything, and no statutory backing is needed for it in the first place. In that sense the whole of clause 2 is redundant: it is mere window-dressing. However, if we are to take it at face value and accept that it makes an improvement that would not have been made otherwise, we need to give the protocol some teeth by, as a House of Commons, setting out what we think it should contain—not preventing additions from being made to it, but establishing what we believe should be its minimum content. The amendment would ensure that its content was appropriate, rather than our having simply to hope that it would be.

Amendment 7 would add a new part to the protocol. If amendment 6 is accepted, it would be a mandatory requirement; if amendment 6 is not accepted but amendment 7 is, it would be a possibility. I tabled the amendment because I do not see any point in requirements such as this without sanctions. So often we say "This shall happen" or "this may happen", but if it does not happen, what are the consequences? I see the Government Whip, the hon. Member for Leeds, East (Mr. Mudie) nodding in agreement, and I hope that the Government will support the proposal.

The whole purpose of the Bill is, in effect, to name and shame the Government, on behalf of the Law Commission, if they do not behave properly and do not show the commission sufficient respect in recognition of its hard work and endeavour. But the naming and shaming will be no good without proper publicity, which is why the amendment requires any breaches of the protocol to be publicised. We would also need to find a way in which such breaches could be remedied. As Dicey used to say, there is no point in a command without a sanction. I am sure that that principle applies

to the Bill and that the Law Commission holds it dear, and I hope that the Government do as well.

Amendment 8 provides that the Lord Chancellor and the Law Commission may, rather than must,

"from time to time review the protocol".

Oddly enough, the position in this instance is the other way around. I do not see any need to require the protocol to be reviewed unless the Lord Chancellor and the commission want to review it. Requiring it to be reviewed would be pointless if both parties took the view that no benefit would result from such a review, and that it would necessarily be a bureaucratic and expensive exercise. I think that this is a case in which the draftsmen have got the "musts" and the "mays" the wrong way around. Requiring a review when no one wanted it would be absurd.

Amendment 9 would replace "have regard to" with "comply with". What does

"Ministers of the Crown and the Law Commission must have regard to the protocol"

mean? It is an empty gesture. It is possible to have regard to something without taking any notice of it. Requiring Ministers and the Law Commission to have regard to the protocol is very different from requiring them to comply with it.

I know from conversations that I have had that the Law Commission sets great store by the protocol that is being drawn up. I am sure it will be expecting that once it has been drawn up and agreed the Lord Chancellor will "comply with" it, rather than just "have regard to" it. Therefore, this amendment would strengthen the Bill and make the protocol more worth while than it is at present, and I hope it receives the Government's support.

None of these amendments would do anything other than strengthen and improve the Bill. They would make it tighter, and they are in keeping with the spirit of what the Law Commission wants. If the hon. Member for Islington, South and Finsbury tells the House that she is worried that they are not supported by the Government, I hope the Minister will put her right on that. The argument that if this amendment were carried the whole Bill would be threatened is even more ludicrous than the argument deployed in respect of the first group of amendments, because the protocol will be drawn up anyway. It is being drawn up at present; its contents are being agreed between the Law Commission and the Lord Chancellor. It does not need any legislative cover, so it would not be threatened by the failure of the Bill to get on to the statute book.

Mr. Bellingham: Does my hon. Friend not find it somewhat peculiar and disconcerting that this draft protocol has not been made available to Members? After all, this Bill has been around for a while; its gestation goes back many years. As I understand it, over the years a number of members of the Law Commission have been calling for such a Bill. Therefore, we could have been given a draft protocol to look at as part of our deliberations on this Bill this morning and this afternoon.

Mr. Chope: My hon. Friend makes a very good point, which draws out of me a few comments on a letter sent to me by e-mail yesterday by Mark Ormerod, the chief executive of the Law Commission. I asked him to send me some information on the proposed protocol, and he writes:

"This is in an advanced stage of drafting and we are hoping it will be finally agreed soon. On current plans it will cover:

(a) the process by which projects will be initiated, including scope and resource considerations;

(b) guidance on handling for the currency of the project, with the emphasis on regular communication and co-operation; and

(c) action upon completion of the project, to ensure that interim and final responses are completed within their timescales".

That is what it will cover, as far as he can tell me at present. Basically, that only sets out the headings, but it is the best result I have been able to achieve. My hon. Friend will immediately be making comparisons between those headings and the contents of clause 2(2) and wondering how they fit in together. I must say that I find it extraordinary that at present it is necessary to have a protocol to ensure regular communication and co-operation between the Lord Chancellor and the Law Commission, as I would have thought that that should go without saying in any well-organised Government.

Mr. Bellingham: The Law Commissions Act 1965 makes it precisely clear what is the relationship between the Law Commission and the Lord Chancellor, and the relationship with Parliament as well. It seems to me that this part of the Bill is completely unnecessary. It lays down in legislation something that should be taken as normal in any sensible, constructive relationship that is already itself based on statute. All it does is complicate the Bill, as well as throw into it a bit of extra new Labour jargon, so it is completely unnecessary.

1.15 pm

Mr. Chope: I am grateful to my hon. Friend for those observations. During my conversation with Mr. Ormerod, he said that he hoped that the protocol would require other Government Departments to take the Law Commission more seriously. Again, that suggests that we have a dysfunctional Government with no discipline and no proper co-operation between Departments. That the Law Commission feels that the Government do not take it seriously is a reflection on the Government, and I am sure that when we have a Conservative Government, my hon. Friend will ensure that that failing is remedied. I look forward to that prospect eagerly.

If the amendments were accepted, the protocol would have some teeth, which it certainly lacks at the moment. I should be interested to hear why the promoter and the Minister are against these sensible amendments, as I anticipate will be their position.

Emily Thornberry: For the reasons that I gave in my speech on earlier amendments, I do not support these ones and I ask that they be withdrawn.

Mr. Chope: We have almost got dialogue of the deaf—except that I am speaking and nobody seems to want to engage with me. The hon. Lady who is promoting the Bill suggests that she does not want to debate the amendments, and she has given no reasons for what she sees as flaws in my argument on tightening up the protocol. The Minister sits there silent, not explaining why the Government find fault with these amendments. I suppose that, if the Bill gets on the statute book, it will

[Mr. Chope]

be left to some of us to table similar amendments to the Constitutional Renewal Bill, to try to tighten things up if necessary. *[Interruption.]* The Minister is speaking—I do not know whether she wishes to intervene, because I could not hear her sedentary intervention. I am quite prepared to give way to her so that I can hear it; but again, neither you nor I, Mr. Deputy Speaker, can force the Minister to speak if she chooses to remain silent, irrespective of how much that might be regarded as being in breach of the conventions of this House.

The Minister was saying informally that at one stage she was minded to offer me a concession. I am still waiting for a concession to be offered across the Floor of the House, and I hope that in due course it may be and it will not be left until after the House has risen. If it was, my wife might get a bit worried, but leaving that to one side, I think it a pity that none of these amendments, which would give some teeth to the protocol, have found favour with the Government, so I hope the House will reverse the decision that it took during the last Division and support me in proposing them.

Question put, That the amendment be made.

The House divided: Ayes 6, Noes 31.

Division No. 224] **[1.19 pm**

AYES

Beith, rh Sir Alan	Steen, Mr. Anthony
Harris, Dr. Evan	
Kaufman, rh Sir Gerald	**Tellers for the Ayes:**
Mackinlay, Andrew	**Philip Davies and**
Pugh, Dr. John	**Mr. Christopher Chope**

NOES

Allen, Mr. Graham	O'Brien, rh Mr. Mike
Austin, John	Pelling, Mr. Andrew
Bottomley, Peter	Pound, Stephen
Brown, Lyn	Prentice, Bridget
Brown, rh Mr. Nicholas	Primarolo, rh Dawn
Bryant, Chris	Raynsford, rh Mr. Nick
Clapham, Mr. Michael	Robinson, rh Mr. Peter
Corbyn, Jeremy	Shaw, Jonathan
Cunningham, Mr. Jim	Simon, Mr. Siôn
Dismore, Mr. Andrew	Skinner, Mr. Dennis
Follett, Barbara	Smith, rh Angela E. *(Basildon)*
Keeley, Barbara	Spellar, rh Mr. John
Kidney, Mr. David	Thomas, Mr. Gareth
Levitt, Tom	Timms, rh Mr. Stephen
Mackay, rh Mr. Andrew	**Tellers for the Noes:**
McIsaac, Shona	**Emily Thornberry and**
Mudie, Mr. George	**Judy Mallaber**

Question accordingly negatived.

Third Reading

1.32 pm

Emily Thornberry: I beg to move, That the Bill be now read the Third time.

I feel remarkably tired but I am very pleased to have reached this stage. I thank all Members on both sides of the House for their support today and for the time they spent in Committee. I thank also, the large number of Members who have given me advice and shared their wisdom—the numbers are far too embarrassing to mention.

The Ministry of Justice was entirely helpful and entirely non-Sir Humphrey-like. The Minister of State, my right hon. Friend the Member for North Swindon (Mr. Wills), has been pragmatic throughout. I thank the Law Commission, including the assistance given to us by Mark Ormerod, the tenacity of the previous chair, Lord Justice Sir Terence Etherton, and the help we received this week from Lord Justice Sir James Munby. I am also thankful for the cool head of a young lady called Miss Chloe Wright.

The Bill is small but important. The most important thing about it is that it will ensure that we make better law, which in the end is what we are here to do. I commend the Bill to the House.

1.33 pm

Mr. Chope: As is apparent from the debates on the amendments, I am not against the Bill; I just feel that it is far weaker than it need be and is only necessary because the Government have failed to take the Law Commission as seriously as they should. We have a Law Commission that comprises some of the best legal brains in the country. They produce detailed reports on problem areas of the law, either where a fresh approach is needed for simplification or clarification, or to deal with a mischief that is causing problems for the public at large and is not being addressed by the courts, leading to frustration and correspondence—for example, with Members of Parliament. It is disappointing when the Law Commission proposes reforms and the Government disregard or ignore them. If I were a member of the Law Commission, I might find it quite humiliating to see so little regard for all that work.

I have been looking at the commission's annual report for 2008-09, which was printed on 7 July and is available in the Vote Office. It is the final annual report by the outgoing chairman, Sir Terence Etherton, and it addresses the Lord Chancellor, reminding him that, in Sir Terence's view:

> "The establishment of the Law Commission was an inspired act of Government, born of the belief that accessible, intelligible, fair and modern law is the constitutional right of every citizen."

Sir Terence also refers to the fact that

> "the Commission has produced 180 final reports, recommending reforms that affect citizens every day",

and he notes:

> "The Government has accepted and implemented"—

only

> "135 of those reports."

In other words, 45 of the 180 reports that have been produced over that 40-year period have not been actioned. Sir Terence refers also to the fact that "12 await a decision"—in addition to the reports to which I have already referred—and says that

> "the speed of implementation has been a cause of concern."

The purpose of the Bill is to try to remedy that concern, but, as I have already said, I am highly sceptical about whether it will make any difference, because it is not clear to me how a report that will be produced sometime between October next year and, let us be optimistic, the spring of 2011 will change anything that could not be changed now if we had a Government and a Justice Secretary who were prepared to implement the decisions that are outstanding. It is disappointing that

Sir Terence's success as commission chairman is praised on the basis that he has managed to bring forward the Bill. He describes as a

"significant development...the Lord Chancellor's statement to Parliament, introducing the Constitutional Renewal White Paper on 25 March 2008"—

where—

"he announced his intention to bring forward proposals to place a statutory duty on the Lord Chancellor to report annually to Parliament on the Government's intentions regarding outstanding Law Commission recommendations"—

and—

"statutory backing to a protocol."

But that was in March 2008.

Is it too cynical to say that, although the Lord Chancellor supposedly wanted legislation and made an announcement in 2008, nothing will happen until spring 2011? In the meantime, he could have been looking at all the reports—seriatim, to use that word again—and saying to different Departments, "What about this? Isn't this a good idea? Isn't that a good idea? Why don't we get on and implement these very important reports or at least come to some conclusions about them?" What is almost worse than that apparent lack of implementation is the fact that the Government are so slow and tardy at reaching conclusions on the commission's reports.

Sir Terence goes on to say how grateful he is to Lord Lloyd of Berwick for introducing the Bill to give effect to the Lord Chancellor's statement. Again, I can understand his excitement and enthusiasm. However, having heard the debate and the concerns expressed, I hope that, notwithstanding the Bill's contents, Members of this House and the other place will use them to put more pressure on the Government to implement Law Commission proposals that are waiting on the shelf for somebody to take them up.

The promoter, the hon. Member for Islington, South and Finsbury (Emily Thornberry), has already referred to one or two proposals. I do not want to mention many, but cohabitation affects an enormous number of our constituents, and the Law Commission carried out a project on the subject in 2007, focusing on the financial hardship suffered by cohabitants or their children on the termination of a relationship by separation or death. The Law Commission published its report to Parliament on 31 July 2007—more than two years ago. It contained final recommendations on the law affecting cohabitants' property and finances when relationships end, whether by separation or death. It was for the Government to decide what to do with it.

All that has happened is that the Government produced an interim response and issued a statement. I refer to that to illustrate the problem, which, I accept, the hon. Member for Islington, South and Finsbury believes that the Bill will address. The "Response to paper on cohabitation and relationship breakdown" came from the Ministry of Justice on 6 March 2008—nine months after the report was produced. The press release states:

"The report has been carefully considered and the government has decided it wishes to seek research findings on the Family Law (Scotland) Act 2006, which came into effect last year. This Act has provisions which are similar in many respects to those which the Commission recommends... The government propose to await the outcome of this research and extrapolate from it the likely cost to this jurisdiction of bringing into effect the scheme proposed by the Law Commission and the likely benefits it will bring. For the time being, therefore, the government will take no further action."

That was a poor show.

If such a statement is made in an annual report—all we will get out of the Bill—how will life be any different? That concerns me. What pressure will be put on the Government to legislate on cohabitation when they have said that they have put the project on hold? Law commissioner Stuart Bridge said:

"We welcome the Government's view that the report is very thorough and of very high quality."

I am sure that it is, but they are easy words for the Government to offer. Stuart Bridge continues:

"The Government has indicated to us that it is postponing the decision...because it is concerned to establish estimates of the costs and financial benefits...We look forward to receiving the Government's final response."

The Law Commission still has not received that final response and, if the Bill gets on the statute book, we will not have a report for another 18 months or so on the Government's reason for not responding. That is only one example.

Another example, which is important and features in the newspapers almost every day, is intoxication and criminal liability, about which the Law Commission has made proposals for reform. Commission report No. 134 states that its

"recommendations for reform would render the law...logically sound as a matter of policy...more comprehensive and therefore more accessible; and...internally consistent."

There is a big history to this matter, because the commission undertook a thorough review of the law on intoxication prior to publishing a report in 1992 on intoxication and criminal liability. That went out to consultation, and the commission's recommendations were set out in its 1995 report. However, the draft criminal law intoxication Bill, appended to the 1995 report—the relevance of this example is that it shows that the problem has not occurred only under this Government, but under the previous Conservative Government—has never been implemented.

In 1998, after the present Government came to office, they produced a consultation paper entitled, "Violence: Reforming the Offences Against the Person Act 1861", about which people were quite optimistic. However, the Government concluded that the commission's recommendations were

"unnecessarily complex for the purposes of this Bill".

More than a decade later, the commission is extremely frustrated at the lack of progress. It wants to make the law more efficient and easier to apply. It produced a draft Bill, and perhaps the hon. Member for Hendon (Mr. Dismore) will take it up as a private Member's Bill in the next Session. That is another example of the sort of frustration that exists on all sides.

The final example—I could go on for a long time, but I do not wish to do so—is that of assisting and encouraging crime. Report No. 305, from 2007, deals with secondary liability. The consultation paper went back to 1993. The Serious Crime Act 2007 incorporated some of the commission's suggestions, but the implementation of the commission's recommendations is hit and miss. The hon. Member for Oxford, West and Abingdon (Dr. Harris) said earlier that the announcement that the

[Mr. Chope]

Government were going to legislate on sedition came about 20 or 30 years after the commission pronounced on it.

There are an enormous number of unnecessary Acts on our statute book. At the same time, our constituents face an enormous number of problems for which there is no proper, clear legal remedy. That could be put right if the commission's work were taken seriously and put into practice.

I am an enthusiast for the commission's work. I hope that the House will do more to put pressure on the Government to get that work incorporated into statute when appropriate, and that we will be less relaxed in future about letting the Government get away with not doing so. In so far as the Bill will do anything to assist in that process, I wish it well, but I fear that it might be being used as an excuse for further inaction. I hope that I am wrong.

The hon. Member for Islington, South and Finsbury told me that she does not have the largest majority in the House. Whatever happens at the next election, if she succeeds in getting a private Member's Bill on to the statute book, she will have achieved a great success, on which I would congratulate her. It may not be the hot news topic in the part of London that she has the privilege of representing, but that does not matter, because in this legislature, people will recognise that she has addressed a serious issue effectively, in her modest way.

1.50 pm

Dr. Evan Harris: I congratulate the hon. Member for Islington, South and Finsbury (Emily Thornberry) on seeming to get this Bill through, and I suspect, knowing her part of the world as I do, that this is a hot topic there. It is important that there is some parliamentary accountability for the Government's response to the Law Commission. We are spending money on the work of the Law Commission and, far too often, its excellent reports lie idle. As the hon. Member for Christchurch (Mr. Chope) mentioned that issue, I just wish to draw attention to some reports that have taken a long time even to look as though they will reach the statute book.

The hon. Lady mentioned the report on blasphemy. I had a small hand in getting that on to the statute book by tabling amendments to the Criminal Justice and Immigration Act 2008. The 1975 report on sedition has taken 34 years to approach statutory form, as the Government have tabled amendments to the Coroners and Justice Bill in the other place, following the amendments tabled in Committee by Lord Lester and on Report here by me. Criminal defamation was dealt with in the 1985 Law Commission report, which recommended—possibly wrongly by today's standards—abolition and replacement with a slightly less draconian criminal provision, and that is covered by the welcome Government amendments tabled this week. Those are two examples of it having taken decades for anything to be done, and they are important issues even though the laws in question are not in use here. Other countries use them in an anti-human rights way and point to the fact that we retain them on our statute book against the advice of the Law Commission as a justification for repressing journalists and freedom of speech.

The only other example that I wish to give is that of the way the Law Commission report on homicide has been handled. It was not satisfactory—my hon. Friend the Member for Cambridge (David Howarth) is more of an expert than I am and, as he pointed out during the passage of the Coroners and Justice Bill through this House, the Government only half legislated for the Law Commission's provisions, therefore undermining them because they need to be taken as a whole. Further, we did not get a chance to debate revisions to the law of murder on Report stage.

David Howarth (Cambridge) (LD): The situation is even worse than the one that my hon. Friend describes. The Government gave the Law Commission a very restricted brief, and then failed to debate what it came up with in this House.

Dr. Harris: Exactly, and I hope that, as the hon. Member for Islington, South and Finsbury said, the report that the Government will have to produce will cause them to hesitate before agreeing the non-implementation of Law Commission reports without debate in this House or ignoring them completely. It is good that we are having this debate now.

There is a question of procedure, because it cannot be right that otherwise reasonable amendments to this Bill are defeated by the argument that we should not amend this Bill because it might run out of time, even though it has general support. I hope that the Reform of the House of Commons Committee, of which I am a member, will address itself to ensuring that any private Member's Bill—I congratulate the hon. Lady and her colleagues in the other place on getting this one this far—is not faced with the threat of running out of time, whether it has Government support or not. I am delighted that it looks as though this Bill will get its Third Reading unamended and will not have to go back to the Lords, but the prime objective is that this House should not be fettered by such concerns when considering amendments.

I congratulate the hon. Lady because it looks as though the Bill will get its Third Reading.

1.55 pm

Mr. Bellingham: I congratulate the hon. Member for Islington, South and Finsbury (Emily Thornberry) on introducing the Bill. The Opposition support it. We think it is long overdue, but are disappointed that the Government have not used an existing Bill over the past couple of years or so to accommodate its contents. As the hon. Lady pointed out, Lord Gardiner, who was Lord Chancellor in the mid-1960s, was the architect of the Law Commission. Its key functions were to update the law, to advise on repealing old laws and to make recommendations for new ones.

At the time, Lord Gardiner's vision was considered fairly radical, imaginative and almost revolutionary. In the early years, the Law Commission was afforded great respect by the Government. However, as hon. Members have pointed out, one problem was that too many reports were simply parked on shelves and left to gather dust. Some good examples have been given. I shall not repeat them all, but I remember feeling quite strongly about the recommendations on mental capacity, which took 10 years to reach fruition in the Mental Capacity

Act 2005, the inauguration of the Office of the Public Guardian and other new arrangements.

The hon. Member for Cambridge (David Howarth) and I were members of the Public Bill Committee that considered the Coroners and Justice Bill, and we dealt at length with its provisions on homicide. I agree entirely with what he just said about that. Cohabitation, on which the Law Commission also produced a report, has been mentioned. The commission believes strongly that legislation is needed to afford new rights to cohabitees in certain circumstances, yet the Government have not moved on that at all—extraordinarily, they have not even produced a consultation paper. All too often, therefore, the Government ignore the Law Commission.

Under the Law Commissions Act 1965, the Lord Chancellor must lay before Parliament programmes prepared by the Law Commission that he has approved, as well as proposals for reform. The Law Commission must make an annual report to the Lord Chancellor, who must then lay it before Parliament. However, under existing rules, the Lord Chancellor is not required to lay before Parliament his own report on the implementation of Law Commission proposals. He does not have to set out plans for dealing with any such proposals that are not implemented, nor provide the necessary reasoning behind his decision. That was a serious flaw in the Law Commission's armoury and is why we support the first part of the Bill.

Hon. Members have asked whether that is necessary, because colleagues can table parliamentary questions and hold Ministers to account. I agree that hon. Members can use written parliamentary questions to mine data and information from the Government, but that presupposes that Ministers are prepared to co-operate and enter into the spirit of the exercise. All too often, we might feel very strongly about something one day, but events move on quickly and things are easily forgotten. In terms of the equality of arms, therefore, all the power is on the side of Ministers, and it requires very tenacious Back-Bench Members to push them to give the right information. The new arrangements in the Bill would therefore be an important and welcome step forward.

Mr. Chope: I agree very much with my hon. Friend, but can he assure the House that the Opposition are already actively looking at the Law Commission's outstanding recommendations with a view to deciding which of those pearls of wisdom should be implemented early under an incoming Conservative Government?

Mr. Bellingham: I assure my hon. Friend that those of us on the Front Bench, watched over with eagle eyes by those in the Whips Office, use virtually every spare moment of our time to prepare for government. Our team is looking at the Law Commission's recommendations and preparing Bills for the first Queen's Speech, in the event of our winning the election—we are not allowed to say "when"; we are saying "if", because we need to win the public's confidence and people's trust.

Clause 2 would insert a new section 3B into the Law Commissions Act 1965, which would introduce a protocol designed to provide a framework for the relationship between HMG and the Law Commission. Clause 2 also says:

"The Lord Chancellor must lay the protocol…before Parliament."

I would simply ask whether the clause is really necessary. It cannot cover any new powers or functions; rather, it relates only to existing powers and functions. It creates neither new powers in respect of the Lord Chancellor or the Government, nor any directly enforceable rights and obligations. I would therefore ask whether such a protocol is necessary. If we can get Departments working with each other more closely and taking the Law Commission's work more seriously, the protocol will probably be a waste of time. Indeed, it is a bit of an insult to what should already be a close and positive relationship between the Law Commission and the Lord Chancellor.

We welcome some of the recent changes introduced by the Government, particularly the recent internal reorganisation of the Ministry of Justice into five divisions, including one covering democracy, the constitution and law. The Law Commission now sits within that pillar, rather than coming under the courts division. That definitely makes sense, and the Government need a pat on the back for making that change. In April the House of Lords finally approved a special procedure for non-controversial Law Commission Bills, which was also a good step forward.

Recently the Ministry of Justice belatedly upgraded the ministerial committee for the Law Commission, which always used to comprise junior Ministers from different Departments. I believe that the intention now is for the committee to have much a wider reach than over the past, say, 10 or 12 years. I hope that that will address the disconnect between Departments and the Law Commission, as well as the problem that we are all so concerned about, which is that numerous excellent reports are simply sitting on shelves gathering dust and no one is taking them seriously.

Today's Bill is a small step forward. We wish it well and hope that it gets through as quickly as possible, because although it is modest, it is an important step in the right direction.

2.3 pm

David Howarth: I, too, welcome the Bill on behalf of my party and congratulate the hon. Member for Islington, South and Finsbury (Emily Thornberry) on getting it this far and, I hope, to its final destination in a few moments.

However, I would not want people to think that because a lot of Law Commission reports are about technical law they just do not have political or policy consequences. Every one of them has some political or policy content. There are gainers and losers in almost every proposal, even if they are simply in the legal profession. Therefore, non-implementation of a Law Commission report is not automatically a bad thing. There might be a genuine political difference between the assumptions made by the Law Commission and the Government of the day. However, the Bill does something important: it forces the Government to give their reasons.

Hon. Members might remember the attempt when the Legislative and Regulatory Reform Act 2006 was going through to reform how Law Commission reports come forward. The Government insisted that they would never obstruct a non-controversial proposal—they said that they would use the powers in that legislation only

[David Howarth]

for non-controversial proposals and would not put through controversial ones—but could never offer a definition of what was controversial.

This Bill does something much more reasonable, which is simply to say to the Government: "If you're not going to implement this proposal, you'll have to say why." That might involve financial reasons, or a disagreement with the moral basis of a Law Commission report—that might well be the problem with the report on cohabitation. The Government will not, however, be allowed not to give a reason. It is possible that the Government's real reason may not be a proper reason. For example, they may fear the way in which a matter could be reported in the *Daily Mail*. They would not give that as their reason, of course; they would be forced to give a different one.

I believe that there will be occasions when the Government, faced with the choice of either giving a reason other than their real reason or simply getting on with it, will choose simply to get on with it. For that reason, the Bill, even though it looks modest, might have some real-world effects. Some Law Commission reports might go through because the Government decide that it is not worth giving a false reason for not implementing them. I welcome the Bill. I do not think it is quite so modest as the hon. Member for North-West Norfolk (Mr. Bellingham) thinks it is. I believe that it will have good effects in the long term and I wish it well.

2.5 pm

Bridget Prentice: I should like to add my congratulations to my hon. Friend the Member for Islington, South and Finsbury (Emily Thornberry) on getting her Bill to this stage. I hope that, within the next few minutes, it will receive its Third Reading. These are important issues. As the hon. Member for Cambridge (David Howarth) said, they might look technical, but they will have a real effect on our constituents' lives.

It is a great privilege for my Department to be associated with the Law Commission. The Commission has made a significant contribution to law reform since it was founded in 1965, and that contribution is much valued by the Government and those in the legal and judicial world. Contrary to what people might infer from earlier contributions to the debate, many Government Bills have originated with the Law Commission. I can cite two current examples in my Department. The first is the Perpetuities and Accumulations Bill, which is nearing the end of its parliamentary stages. I hope that, by the end of Monday, it will have completed most of its Commons stages. The second is the bribery Bill, which is included in the draft legislative programme for 2009-10.

As my hon. Friend the Member for Islington, South and Finsbury has said, the task of the Law Commission is fundamentally important because its aim is to make the statute book fairer, more appropriate to the circumstances of the time, simpler, more easily comprehensible and more cost-effective. The good health of our statute book is fundamental to the good health of our democracy.

As my right hon. Friend the Lord Chancellor has previously said to the House, we are committed to strengthening the role of the Law Commission. I should like to give the House two recent developments as evidence of this. First, as the hon. Member for North-West Norfolk (Mr. Bellingham) mentioned, we have introduced a new procedure in the House of Lords for the consideration of politically non-controversial Law Commission Bills that are strongly supported by the Government. The Perpetuities and Accumulations Bill is the first Bill to go through this procedure, and, as I have already said, we hope it will achieve Royal Assent very soon. I hope that many more Bills will use this system, leading to even higher levels of implementation of the more technical Law Commission Bills.

Secondly, we have amended the Law Commissions Act 1965 to provide that the chair of the Commission must be a High Court or Court of Appeal judge. We believe that that will enhance the standing of the Commission as a whole, and that it will provide a symbol of its independence and political neutrality, both of which are extremely important to it. The newly appointed chairman of the Law Commission, Sir James Munby, is a Court of Appeal judge, and we wish him and his team well in the course of the next few years.

During the debate, allusions have been made to the length of time it has taken for some Law Commission reports to be implemented, and I agree that, in some cases, that has been shockingly long. There has also been a suggestion that very few such reports make it to the statute book. I have to say that the facts do not bear that out. Currently, we have implemented 67 per cent. of Law Commission reports, or two out of three. We obviously want to improve on that, but it is not such a bad figure; it is a testament to the commission's impact on our law. All that has been achieved with the Government's support, and we support this important Bill because it is a mark of our commitment to the commission.

Mr. Chope: I had the opportunity to speak to Sir James Munby since his appointment and I know that he takes this issue very seriously. I wonder whether the Minister is able to give him a piece of news today about what the Government are going to do in respect of each of the reports on which the Government's decision remains outstanding. If she cannot answer me across the Dispatch Box now, will she write to hon. Members and place her answer in the Library for us?

Bridget Prentice: I will certainly raise it with the Minister within whose portfolio the Law Commission sits, and I will ensure that either he or I write to hon. Members or put in the Library a response to the question that the hon. Gentleman rightly asks.

We see the Bill as a key mechanism for delivering higher implementation rates of Law Commission reports, which will benefit both law reform and the taxpayer. The requirement on the Lord Chancellor to report on the extent of implementation of Law Commission reports each year will keep up the pressure on us, the Government, to account for decisions on implementation. Of equal or perhaps more importance is the protocol that will set out best practice in terms of working relationships between the Law Commission and Departments on individual projects. That is what should assist in developing the collaborative relationship between the Law Commission and Departments that experience teaches us is the key to successful implementation.

Finally, I want to stress our commitment to the work of the Law Commission. The more effective the Law Commission is in having its reports on reform accepted and then implemented, the more successful it will be in achieving its overall objective of making the law fairer, more modern, simpler and as cost-effective as possible, which I believe the whole House would want to support. I am thus very pleased indeed to support the Bill. My hon. Friend the Member for Islington, South and Finsbury can go back to her constituency, having shown herself to be a true parliamentarian in taking through a private Member's Bill. That is not an easy thing to do and it does not happen very often. My hon. Friend has every reason to be proud of her achievements today.

Emily Thornberry *rose—*

Mr. Deputy Speaker: Order. I am about to put the question. We do not want any obstacles at this late stage.

Question put and agreed to.

Bill accordingly read the Third time and passed, with an amendment.

Crown Employment (Nationality) Bill

Consideration of Bill, as amended in the Public Bill Committee.

New Clause 1

APPEALS

'(1) A person who is ineligible to be employed or hold office in a civil capacity under the Crown by reason of the rules made under section 2 may appeal to a Crown Employment (Nationality) Rules Tribunal ("the Tribunal") for an exemption from the rules.

(2) The Secretary of State shall make regulations with respect to the composition, conduct and operation of the Tribunal.

(3) The Secretary of State may not make regulations under this section unless a draft of the regulations has been laid before and approved by a resolution of each House of Parliament.

(4) The power to make regulations under this section is exercisable by statutory instrument.'.—*(Mr. Chope.)*

Brought up, and read the First time.

Mr. Christopher Chope (Christchurch) (Con): I beg to move, That the clause be read a Second time.

Mr. Deputy Speaker (Sir Alan Haselhurst): With this it will be convenient to discuss the following: Amendment 1, page 1, clause 2, leave out lines 13 to 16 and insert

'in a reserved post.

(1A) A post is a reserved post if—

(a) it is a post in any of the security and intelligence services, or

(b) it is within subsection (1B) or (1C), and a Minister of the Crown has determined that it is necessary for requirements as to nationality to be satisfied in relation to the post.

(1B) The posts within this subsection are—

(a) posts in Her Majesty's Diplomatic Service and posts in the Foreign and Commonwealth Office, and

(b) posts in the Defence Intelligence Staff.

(1C) The posts within this subsection are posts whose functions are concerned with—

(a) access to intelligence information received directly or indirectly from any of the security and intelligence services,

(b) access to other information which, if disclosed without authority or otherwise misused, might damage the interests of national security,

(c) access to other information which, if disclosed without authority or otherwise misused, might be prejudicial to the interests of the United Kingdom or the safety of its citizens, or

(d) border control or decisions about immigration.

(1D) A determination under subsection (1A)(b) may relate to a particular post or posts, or to posts falling within a description specified in the determination.

(1E) In this section "the security and intelligence services" means—

(a) the Security Service,

(b) the Secret Intelligence Service, and

(c) the Government Communications Headquarters.'.

Amendment (a) to amendment 1, line 3, after 'services', insert ', or the Home Office'.

Amendment 2, page 2, line 9, at end insert—

'(e) any brother or sister of a person within paragraphs (b) or (c).'.

Amendment 3, page 2, line 37, leave out from 'section' to 'House' in line 38 and insert

'may not be made unless a draft of the instrument has been laid before, and approved by a resolution of, each'.

Amendment 4, page 3, line 3, clause 4, leave out subsection (2).

Mr. Chope: I feel as though we have discussed the subject of Crown employment and nationality before. When I looked at my records, I found that I was not wrong. Indeed, new clause 1 has been put forward in similar terms on previous occasions, using the iterative process. That concept is well known to the hon. Member for Hendon (Mr. Dismore), as I cannot recall how many times this Bill has been before the House. Each time, the Bill has been an improvement on its previous incarnation, but it still lacks that extra ingredient of new clause 1, which would improve the Bill enormously.

2.15 pm

New clause 1 introduces the concept of natural justice into these procedures rather than requiring them to rely on a ministerial fiat. If there is no right of appeal, people may rightly feel aggrieved. This is the last time that I shall draw the analogy today, but some Members of this House feel that they should have a right of appeal against the rulings of Sir Thomas Legg. I think that the House is likely to find some means of ensuring that there is such a system of appeal, and it is in exactly the same spirit that I tabled the new clause. People who are aggrieved as a result of a decision by the Government under the terms of clause 2 will ask "What can I do about this? Am I unable to obtain any remedy for the Minister's decision?" I consider that it would be reasonable, and in accordance with the system of British fairness and justice, to enable that to happen.

A significant number of people will be affected by clause 2. I understand that if Government amendment 1 —which deals with reserved posts—is accepted, as many as 5 per cent. of all civil service posts may be affected. I stand to be corrected on that figure, but in view of the size of the civil service at present, we are talking about potentially tens of thousands of posts.

We no longer have full employment, as we did when the hon. Gentleman first presented the Bill. We now have a desperate and significantly increasing level of unemployment. I believe that, in the last year, unemployment has effectively doubled in my constituency. Against that background, we should expect many more applicants for any such posts than there may have been in the past. There is scope for many more people to be disappointed, and therefore many more people will feel that their rights have been trampled on. New clause 1 offers a safety valve by allowing appeals to be made to the tribunal.

I know that my right hon. Friend the Member for East Yorkshire (Mr. Knight)—who could not be present today—is enthusiastic about the new clause, and I am grateful to my hon. Friend the Member for Shipley (Philip Davies) for supporting it today.

Government amendment 1 effectively rewrites clause 2 by removing the generalities contained in lines 13 to 16 and explaining the concept of reserved posts much more specifically. The Government are suggesting that reserved posts should include

"a post in any of the security and intelligence services".

I do not think any Member present would disagree with that proposal. They also suggest that a post should be designated a "reserved post" if

"it is within subsection (1B) or (1C), and a Minister of the Crown has determined that it is necessary for requirements as to nationality to be satisfied in relation to the post."

That brings in posts within the

"Diplomatic Service and posts in the Foreign and Commonwealth Office"

and also

"posts in the Defence Intelligence Staff",

which, together, cover a significant number of posts.

If the Minister were to decide that it is necessary for nationality requirements to be satisfied in relation to those posts, that could have significant implications for people who wanted to apply, hence the importance of new clause 1 in order to satisfy applicants that justice has been done, the rule of law has been applied and decisions are not arbitrary. That is important because one way of challenging arbitrary decisions by Government is by seeking judicial review, but that process is extremely long-winded, very hard and expensive to access. That is another reason why I think it would be better to establish a specific tribunal with responsibility for the matter.

The next group of posts is set out in proposed new subsection (1C). They include

"posts whose functions are concerned with—

(a) access to intelligence information received directly or indirectly from any of the security or intelligence services"

and

"access to other information which, if disclosed without authority or otherwise misused, might damage the interests of national security."

I think most people would agree with the inclusion of those two groups. Indeed, their inclusion reflects concerns expressed by me, my hon. Friend the Member for Shipley and my right hon. Friend the Member for East Yorkshire when we were members of the Committee considering the Bill back in 2007.

The proposed new subsection also covers posts involved in

"border control or decisions about immigration."

My hon. Friend and I have proposed an additional group, however. We seek to include people involved with the Home Office—that requirement would be inserted into the Government's proposed new subsection (1A)(a)—because the Home Office has control over many aspects of security. Those responsibilities may be more junior in the hierarchy than those addressed by the intelligence and security services, but I know precious little about them because of reasons of confidentiality. We all know about the Home Office, however, and we are aware that there are people in that Department who deal with serious organised crime, which is a lot more rife than it used to be.

Those people are charged with dealing with our national security at a local level. For example, I know that the Dorset police constabulary is charged with dealing with security at the water events and sailing activities that are to take place down in Weymouth during the forthcoming Olympics. Many people are expected to attend and the Dorset police constabulary

is already involved in working out what security precautions are needed to ensure that those activities take place without disruption.

Mr. Anthony Steen (Totnes) (Con): My hon. Friend mentions the Dorset police, but is he aware that the Devon and Cornwall police are also considering the problems for Torbay, should the tall ships be racing there during the Olympics? Would that situation not be similar to that which he talks about in Dorset?

Mr. Chope: Similar but probably different in scale, because the ships are bigger in Torbay but there are more of them in Weymouth. My hon. Friend—it is wonderful that he is in the Chamber assiduously dealing with these matters on a Friday, as is so often the case—has drawn attention to the fact that my example of the Dorset constabulary is not unique and is replicated in a lot of other constabularies. However, it is an example of a Home Office activity that makes Home Office posts wholly relevant for consideration as additions to those already listed in Government amendment 1, which in general I support because it brings more detail into the Bill.

I want to speak briefly to amendment 2, which would insert into clause 2 the phrase

"any brother or sister of a person within paragraphs (b) or (c)".

Why should parents and spouses, deceased parents, civil partners or people living together as though they were spouses or civil partners be the only groups of people deemed connected, such that they might have a relationship that could involve undue influence? I should have thought that siblings come into that category as well, which is why we have tabled amendment 2.

Amendment 3 would ensure that we have to use the affirmative procedure for any draft instrument instead of the negative procedure, so at least we could ensure its being debated in this House. We could not of course ensure that it could be amended if we did not like it, but at least we would have the chance to debate it. For all I know, the hon. Member for Hendon, the Bill's promoter, may well have wanted to include an affirmative resolution but was dissuaded by the Government, who, as we know, want as little legislation as possible to be subject to scrutiny in this House, and therefore prefer the negative resolution procedure. However, that is as may be and we will no doubt hear from the Bill's promoter in due course about why the affirmative resolution was not in the Bill to start with.

That brings me conveniently to amendment 4, which would leave out subsection (2) of clause 4. I tabled it because I thought it would concentrate the minds of the Government on the whole Bill. I got the impression when it was last discussed in Committee that they were getting rather lukewarm about it because of the change in the employment situation, the rapid rise in unemployment and the conflict that could be caused by opening up posts in the Government service to aliens who are currently unable to qualify for those posts. The Government could see that there might be—

2.30 pm

The Deputy Speaker interrupted the business (Standing Order No. 11(2)).

Bill to be further considered on Thursday 22 October.

Business without Debate

EQUALITY AND DIVERSITY (REFORM) BILL

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 6 November.

ARMENIAN GENOCIDE REMEMBRANCE DAY BILL

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Thursday 22 October.

SAFETY OF MEDICINES (EVALUATION) BILL

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 23 October.

ROYAL MARRIAGES AND SUCCESSION TO THE CROWN (PREVENTION OF DISCRIMINATION) BILL

Resumption of adjourned debate on Question (27 March), That the Bill be now read a Second time.

Hon. Members: Object.

Debate to be resumed on Friday 23 October.

SALE OF MOBILE HOMES (INTERVIEWS) BILL

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 23 October.

SCHOOL BUS (SAFETY) BILL

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 23 October.

BROADCASTING (PUBLIC SERVICE CONTENT) BILL

Resumption of adjourned debate on Question (12 June), That the Bill be now read a Second time.

Hon. Members: Object.

Debate to be resumed on Friday 6 November.

EMPLOYMENT OPPORTUNITIES BILL

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 6 November.

FUEL POVERTY BILL

Resumption of adjourned debate on Question (20 March), That the Bill be now read a Second time.

Hon. Members: Object.

Debate to be resumed on Friday 23 October.

BROADCASTING (TELEVISION LICENCE FEE ABOLITION) BILL

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 6 November.

EUROPEAN UNION (AUDIT OF BENEFITS AND COSTS OF UK MEMBERSHIP) BILL

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 6 November.

HUMAN RIGHTS ACT 1998 (MEANING OF PUBLIC AUTHORITY) BILL

Resumption of adjourned debate on Question (3 July), That the Bill be now read a Second time.

Hon. Members: Object.

Debate to be resumed on Thursday 22 October.

ILLEGALLY LOGGED TIMBER (PROHIBITION OF SALE) BILL

Resumption of adjourned debate on Question (26 June), That the Bill be now read a Second time.

Hon. Members: Object.

Debate to be resumed on Thursday 22 October.

HOME REPOSSESSION (PROTECTION) BILL

Motion made, That the Bill be read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Thursday 22 October.

EMPLOYERS' LIABILITY INSURANCE BUREAU BILL

Motion made, That the Bill be read a Second time.

Hon. Members: Object.

Debate to be resumed on Thursday 22 October.

PHARMACEUTICAL LABELLING (WARNING OF COGNITIVE FUNCTION IMPAIRMENT) BILL

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Thursday 22 October.

LAND USE (GARDENS PROTECTION ETC) BILL

Resumption of adjourned debate on Question (8 May), That the Bill be now read a Second time.

Hon. Members: Object.

Debate to be resumed on Thursday 22 October.

ROAD SIGNS (TOURIST DESTINATIONS AND FACILITIES) BILL

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Debate to be resumed on Friday 23 October.

PROTECTION OF GARDEN LAND (DEVELOPMENT CONTROL) BILL

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 23 October.

AIRPORT EXPANSION (PARLIAMENTARY APPROVAL) BILL

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 23 October.

BRITISH MUSEUM ACT 1963 (AMENDMENT) BILL

Resumption of adjourned debate on Question (15 May), That the Bill be now read a Second time.

Hon. Members: Object.

Debate to be resumed on Thursday 22 October.

TORTURE (DAMAGES) (NO. 2) BILL

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Thursday 22 October.

ONLINE PURCHASING OF GOODS AND SERVICES (AGE VERIFICATION) BILL [*LORDS*]

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Thursday 22 October.

GOVERNMENT OF CORNWALL BILL

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 23 October.

ACCESS TO PARLIAMENT (UNITED KINGDOM MEMBERS OF THE EUROPEAN PARLIAMENT)

Motion made,

That the Resolutions of the House of 30 January 1989 relating to House of Commons Services and 6 December 1991 relating to Access (Former members and United Kingdom members of the European Parliament) shall cease to have effect insofar as they relate to United Kingdom members of the European Parliament.—*(Mr. Nicholas Brown.)*

Hon. Members: Object.

Mr. Andrew Dismore (Hendon) (Lab): On a point of order, Mr. Deputy Speaker. As you know, motion 52 excludes Members of the European Parliament from gaining access to the House through passes, which would of course mean that the newly elected British National party Members would not be allowed to get into this place. Most Members are of the view that that should be the case. Is there any way of recording—

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. That is not a point of order but a point of debate, so bad luck.

Mr. Dismore *rose—*

Mr. Deputy Speaker: I have ruled. That is not a point of order so I will not take it as a point of order.

Mr. Dismore: On a point of order, Mr. Deputy Speaker. Is there any way of recording in *Hansard* that it was the hon. Member for Christchurch (Mr. Chope) who objected to motion 52?

Mr. Deputy Speaker: I am sure that *Hansard* will merely record that an objection has been taken.

Mr. Christopher Chope (Christchurch) (Con): Further to that point of order, Mr. Deputy Speaker. Will you confirm that the only way in which one can ensure that there is a debate on the issue, irrespective of whether one supports or objects to the motion, is to object to motion 52, which is what I have done? I have done that so we can have a debate and I reserve my position on how I might vote—

Mr. Deputy Speaker: Order. The hon. Gentleman is also getting into debate. I think that sufficient detail is now on the record for everyone to be clear.

REGIONAL SELECT COMMITTEE (WEST MIDLANDS)

Motion made,

That Dr Richard Taylor be a member of the West Midlands Regional Select Committee.—*(Mr. Nicholas Brown.)*

Hon. Members: Object.

REGIONAL SELECT COMMITTEE (YORKSHIRE AND THE HUMBER)

Motion made,

That Mary Creagh be discharged from the Yorkshire and the Humber Regional Select Committee and Mr Austin Mitchell be added.—*(Mr. Nicholas Brown.)*

Hon. Members: Object.

REGIONAL SELECT COMMITTEE (SOUTH WEST)

Motion made,

That Linda Gilroy be discharged from the South West Regional Select Committee and Roger Berry be added.—*(Mr. Nicholas Brown.)*

Hon. Members: Object.

Dentistry (Nottingham, North)

Motion made, and Question proposed, That this House do now adjourn.—*(Mr. Mudie.)*

2.39 pm

Mr. Graham Allen (Nottingham, North) (Lab): As I have just had my tonsils removed, I intend to make an equally truncated introduction to this very important debate. The Minister has had a copy of my full speech since Monday, and it also appears on my website.

In essence, I should like the Minister to comment on how we can improve NHS dentistry in my constituency. The state of children's dental health in Nottingham is the second worst in the country—it is at the average level found in England 35 years ago. Half the under-fives have never been to a dentist. A local teacher told me about primary school children who had dirty or black teeth or who had lost their second teeth, and described the excitement of a six-year-old girl at having a toothbrush—she had never had one before.

Children in the most deprived fifth of schools, typical of my constituency, have four times as many decayed, missing and filled teeth as those in the top fifth. Local dentists, the local NHS and the Government have worked hard on the problems but it seems that recent reforms, including changes to the dentist contract and payments, may even have made the situation worse. Quick extractions are up, time-consuming repair work is down.

Three simple steps would help to put things right: first, registering every child and every adult with their local dentist; secondly, ensuring that the dentist contract rewards prevention, and not only extraction; and thirdly, giving every child and adult a free dental check-up every year. That dental MOT for everyone could be paid for through a reformed charging scale and revised dental contracts. Nothing less than that ambition will meet the scale of the problem in constituencies such as mine. Incidentally, Nottingham would be the perfect place to hold the pilot. I should like the Minister to comment on that.

I hope the Minister agrees that never again should the House hear of a girl in my constituency or anywhere else who only gets her first toothbrush when she is six years old.

2.42 pm

The Minister of State, Department of Health (Mr. Mike O'Brien): I congratulate my hon. Friend the Member for Nottingham, North (Mr. Allen) on securing the debate. He takes a keen interest in the challenges faced by commissioners of primary care dental services for Nottingham. I offer him my sympathy on his tonsillectomy, which comes at a most frustrating time, and means he is not able to make as detailed a contribution to the debate as he might like, but I certainly admire his fortitude in speaking when his throat is somewhat raw.

Before I deal with some of the issues relating to dental services in Nottingham, I shall set out the national context for dentistry. I certainly share my hon. Friend's view that children throughout the country should regularly be using toothbrushes and toothpaste well before they are six years old. Children should be taught at an early age how to clean their teeth, and I hope that we can reach a level of improved dental care.

[Mr. Mike O'Brien]

We have increased spending on dentistry; it was up 11 per cent. in 2008-09 and 8.5 per cent. this year. Funding is running at a record £2.25 billion, net of patient charges. Since 2004, funding for dentistry has gone up by 70 per cent., which is an additional £900 million.

As a result of the increased investment that we have made since then, 850 dental students are expected to graduate next summer—an increase of 25 per cent. As part of our expansion programme, two new dental schools opened in 2007, in the south-west and in central Lancashire, thereby reversing the Conservative closure of two dental schools in 1991. The number of dentists working in the NHS rose last year by 528, on top of an increase of 655 in the previous year. More dentists in the NHS meant that last year an extra 1.4 million courses of treatment were delivered.

We believe that the best decisions are made as close to those affected by them as possible, so in 2006, in line with the rest of the health service, we reformed NHS dentistry. The new system gave power to primary care trusts to commission the right dentistry services for their communities. PCTs have provided incentives to encourage prevention and improve quality, but in some areas—I suspect Nottingham is among them—progress has been slow and sometimes much too patchy, so in December 2008, the then Secretary of State asked Professor Jimmy Steele to conduct a review of the new contract, and that was published in June. I am delighted that the review has joined the Select Committee on Health in supporting the principle of local commissioning and providing a firm basis for the future of NHS dentistry.

The review also showed the range of services that are needed; that different generations need different types of dental care; that simply drilling and filling is no longer acceptable; that we need to improve oral health; and that preventing decay and disease must become a real priority for NHS dentistry. We wholeheartedly welcome Professor Steele's review, and we will rigorously test its recommendations in a series of pilots throughout England over the coming months. I am very pleased that the British Dental Association, patient groups and other stakeholders have welcomed the review.

In the years since the foundation of the NHS, we have seen substantial improvements in our dental health. Half of adults in 1948 had no teeth at all; now, we are about to carry out the latest national adult dental health survey and we expect the figure to have fallen to about 6 per cent. Whereas 35 years ago more than 90 per cent. of all 12-year-olds in England had tooth decay, today the figure is less than 40 per cent. We are making substantial improvements, and it is arguable that our children have the lowest rate of tooth decay in Europe and are comparable with the best in the world, including countries such as America.

The association between social deprivation and tooth decay is clear, and we know that the link can be broken. Sandwell in the west midlands has only a slightly better socio-economic profile than Nottingham city; however, according to the most recent British Association for the Study of Community Dentistry survey of dental decay in the milk teeth of five-year-old children, from 2005-06 the average number of decayed, missing and filled teeth among such children in Sandwell was about one third of that in Nottingham. My hon. Friend may be interested to know that the North West Public Health Observatory will publish the latest figures, for 2007-08, next week.

Apart from rates of tooth decay, what are the differences between Sandwell and Nottingham? For a start, fluoride is added to Sandwell's water supply to bring it up to the 1 part per million level at which it can help to protect people's teeth. I realise that fluoridation is controversial, which is why no new schemes can be introduced until a strategic health authority has consulted the local population, but it offers one way of reducing inequalities in oral health which does not require individual parents and families to take action, because fluoride is in the water supply.

In addition to population-wide measures such as fluoridation, dentists and members of their team can intervene to improve oral health. For example, we have developed the Brushing for Life scheme, which targets young children in areas with the highest levels of tooth decay. When their families visit child health clinics or Sure Start centres, they get a free pack of fluoride toothpaste, a toothbrush and a leaflet containing advice on oral hygiene. Many such interventions will take place before children are six years old, and we need to ensure that at an early age they are able to get the benefits of fluoride toothpaste, a toothbrush and an explanation of the best way to protect their teeth and ensure that their full adult set of teeth is healthy. Parents or carers are also given a demonstration of how to brush their children's teeth, or of how to teach their children how to brush their teeth—obviously far better.

In June last year, Nottingham city primary care trust started the City Smiles programme to combat poor oral health in children. Its main objectives were to reduce tooth decay; to ensure that children received appropriate dental care; and to increase knowledge about oral health. The three principal messages were to improve diet, for example, by limiting sugars to meal times; to improve oral hygiene habits, for example, by brushing teeth twice a day; and to promote better access to dental care so that children saw a dentist at least once a year. Those messages are being given to all pregnant women and pre-school and school-age children in the Nottingham area.

In similar places to those where Brushing for Life applies, families with young children are given the opportunity to have their children's teeth treated with fluoride varnish, as recommended by the Department of Health. Then, because the varnish needs to be reapplied at six-monthly intervals, the families are advised about how they can access a high street dentist for their continuing dental care needs. That provides the initial contact with a dentist that some families need to ensure that they are subsequently in regular contact.

The regular application of fluoride varnish is one of the most effective ways in which to deal with dental health and prevent future dental problems. Where that has happened, it has reduced tooth decay in young children's primary or milk teeth by a third, and by 46 per cent. in adult, permanent teeth. We know that if children have healthy milk teeth, the chances are that they will have healthy adult teeth. If they have decayed milk teeth, that may well lead to problems with their adult teeth. Getting to children early—certainly well before they are six—is an important part of improving oral health in this country.

Mr. Allen: Does the Minister agree that early intervention is the key? If a child is registered with a dentist, that dentist can call the child in for a pain-free experience of understanding how the surgery works, and how to brush and look after teeth, well before the fear sets in and the feeling of, "Whenever I go to the dentist, it's going to be a painful experience."

Mr. O'Brien: I was going to come to registration, but given that my hon. Friend has raised it, let me deal with it now. There is a demand from some dentists to reintroduce registration. If we look back at the history of that, dentists when my hon. Friend and I were young did not have registration as it existed after 1990, when dentists were paid to keep a register. That practice was ended, mainly because it did not seem to make much of a difference. Before 1990, and by and large—though not in all cases—since then, dentists have kept a list of patients. That enables dentists to keep their customers—dentistry is a business, albeit contracted to the NHS. It enables them to keep in contact with their customers—their patients—and ensure that they send regular notices to those patients to get them to come in for check-ups. Then the dentists can make the appropriate claim under the NHS dentistry contract.

Whether we should pay dentists for doing what the vast majority currently do without payment is debated. Some people say that we should reintroduce registration, which would mean that dentists were paid a fee for doing what most of them already do, because some dentists do not keep a list. It appears, though, that the vast majority still do, and the evidence suggests that the numbers on the lists are similar to those when people were registered. It is difficult, because we do not have regular records, to be entirely sure about how many keep a full and proper list.

Of course, because it is in some sense voluntary to do so, dentists who are anxious to run an efficient business for their patients keep in regular contact with them, but those who are less efficient or who have enough patients without lists may well not do so. However, I am not convinced at the moment that reintroducing a system of registration would be the best way of using NHS funding. We will look at the evidence—my mind is not entirely closed on the matter. The position is that the vast majority of dentists try to keep in contact with their patients, which is how they generate income under the NHS contracts.

Nottingham City PCT has been paying dentists to apply fluoride varnish to children, in line with Department of Health guidance. There is a great deal more that we can do to prevent tooth decay in communities, but I accept that we also need to improve access to dental practices. As I said, access to NHS dentistry is already improving across the country. A recent Which? survey published in June showed that nine out of 10 people who tried to find an NHS dentist in the past two years were able to get one, but we need to go further to ensure that every person who wants an NHS dentist can have one. The 10 SHAs in England, with the 152 PCTs, have set themselves the task of delivering access for all who seek it by March 2011.

In the year to June 2009, just over 64 per cent. of people in the Nottingham PCT area saw a dentist. Unfortunately, that figure represents a fall on preceding years. Nottingham City PCT is aware of that. We have been assured that it is carefully monitoring the situation. I think that it needs to do a bit more than that and to be proactive in dealing with the situation.

The PCT has, however, conducted extensive research and consultation, including through focus groups and questionnaires, to understand why people in Nottingham are not going to the dentist and to find out which services they would use. As a result of the consultation, the PCT is opening two new dental practices, in Bulwell and Bilborough, with a mobile dental service to work flexibly across the city. In addition, it will be initiating a targeted communications campaign to promote uptake of dental services. Those initiatives will be backed by increased funding for dental services in Nottingham City, with £16.2 million allocated for the current financial year.

The expanded national dental access programme is helping Nottingham City PCT to implement its dental strategy. The programme, led by Dr. Mike Warburton, supports the NHS to expand dental services rapidly where they are needed. It will work closely with Professor Jimmy Steele's independent review of NHS dentistry. Professor Steele's review is helping us to understand how dentists can deliver consistently high quality care while providing the right level of preventive work, as well as looking at how we can go further to reduce inequalities in oral health.

The core of our dentistry reforms—that the dental budget is held locally and that PCTs commission dentists directly to deliver NHS care—is here to stay. We need to ensure that PCTs such as Nottingham City increase the work that they are doing to ensure that we get much more effective responses regarding dental care. Demonstrating that and echoing the national picture, the number of dentists in Nottingham City PCT increased from 138 in March 2007 to 143 in March 2009.

The NHS is confident that it can achieve its aim of delivering access to a dentist for all who seek it within the next 18 months. We strongly welcome the level of commitment from SHAs and PCTs to tackle dental access while we have that ambitious time frame in place. It is going to take quite a lot of work to ensure that we hit the targets; we do not underestimate the challenge. The problems of access are considerable and they have grown over time, so they will not be turned around overnight or without significant effort. I assure my hon. Friend that the NHS in general and Nottingham City PCT in particular are committed to improving oral health and that the development of dental services in Nottingham is an integral part of the PCT's priorities for local health services.

My hon. Friend raised a couple of other issues. First, he asked about an annual adult and child check for tooth decay and other oral health issues. He will know that there used to be a system of annual checks of children's teeth, which was done by the school dentist. It cost some £17 million, but an independent review found that it did not have any effect on improving oral health in deprived areas. What happened was that children would be looked at by the school dentist and be told that they had some decay, but they would not be taken to the dentist. That is a problem, because it is in deprived areas in particular that we need to ensure that we improve oral health. The question is what is the best way to spend that £17 million. The view is that a better approach is to target areas of significant deprivation

[Mr. Mike O'Brien]

and ensure that effective resources are put into a real programme to teach children and adults about the importance of dental health.

The British Dental Association has considered whether we should have children's dentists, and it takes the view that that is not the best way to spend such resources. We have acted on independent advice, but I hear what my hon. Friend says and, in principle, the idea that both adults and children should have an annual check for decay or any other problems is a good one. I shall discuss it with my hon. Friend the Under-Secretary of State for Health, who has responsibility for dental service issues.

My hon. Friend the Member for Nottingham, North also talked about the 2006 contract and how it has developed. Professor Steele's review of that contract is important and bears close examination. Issues did arise with the contract. It was not piloted, and we have lessons to learn from that. Indeed, in looking at Professor Steele's review we have decided that we do need to pilot his proposals so that we have a process for the introduction of changes to the contract that is broadly acceptable to dentists, the Government and the taxpayer. That process will also ensure that we do not create an over-complex contract by which we reward dental practices in a vast variety of ways. One of the problems with the old contract was its complexity, so we have tried to simplify it. We now need to examine the results of the independent review carried out by the team led by Jimmy Steele, and to ensure that the proposals in the document are considered carefully and properly piloted. If the pilots show that they are the best way of making changes, we should implement them as soon as possible.

Nottingham City PCT and East Midlands SHA are committed to ensuring improved oral health for the residents of Nottingham and to improving NHS dental services in the area. The increasing number of dentists demonstrates a real commitment. I applaud my hon. Friend's presence today, despite his operation just a couple of days ago. It demonstrates his level of commitment to, and determination to serve, his constituents. His contribution today might have been painful for him, but I hope that it will at least prove worth while in raising the concerns of parents and children in Nottingham about the future of children's oral health.

Question put and agreed to.

3.5 pm

House adjourned.

House of Commons

Monday 19 October 2009

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

WORK AND PENSIONS

The Secretary of State was asked—

Youth Unemployment

1. **Mr. Andrew Robathan** (Blaby) (Con): How many young people between the ages of 18 and 24 were unemployed on (a) the latest date for which figures are available and (b) the equivalent date in 1997. [293496]

The Secretary of State for Work and Pensions (Yvette Cooper): The youth claimant count rate for September 2009, in the middle of a recession, stands at 5 per cent., the same rate as in September 1997 when the economy was growing. The latest figures show 469,600 18 to 24-year-olds on jobseeker's allowance and 9,800 of them on it over six months. The equivalent figures for September '97 were 385,000 on JSA and 65,000 on it over 12 months, and for September '93, in the middle of the last recession, the figures were 805,000 on JSA and 209,900 in receipt of it over 12 months.

Mr. Robathan: I am not entirely sure that the Secretary of State's figures add up. My memory is getting a bit hazy as I get older, but I seem to recall one of the Labour pledges in 1997 was to reduce youth unemployment through the new deal. That figure is now up to almost 1 million, which is the highest rate ever—the Secretary of State has failed to mention any numbers in that regard. In fact, youth unemployment has been rising since 2005 when I thought we were booming, and not bust as we are now.

Yvette Cooper: If the hon. Gentleman wants to discover what the figures are, I refer him to the Office for National Statistics. I should also like to point out to him the situation in the 1990s, before the introduction of the new deal for young people, when more than 200,000 young people were on the dole for over a year at the peak of the then recession. Today, that figure stands at fewer than 10,000 young people. Youth unemployment is rising in the middle of a recession, as young people are being affected as a result of the world recession and because of that problem we are increasing support, including an investment of £1 billion in more than 100,000 youth jobs, which the hon. Gentleman's Front-Bench colleagues oppose.

Bob Spink (Castle Point) (Ind): I congratulate the Secretary of State on bringing forward schemes such as Backing Young Britain, as we need to focus on that. However, may I ask her to look carefully at some of the schemes that restrict entrance to new jobs to young people who have been employed for a certain amount of time, and which may therefore prevent young people who have not been unemployed but who have been working very hard picking up specific skills, such as in sport and leisure, from taking up key jobs? Will she make sure that such children are not disadvantaged?

Yvette Cooper: The hon. Gentleman is right that part of the purpose of the Backing Young Britain campaign is to provide young people with support from the very moment they leave education or lose a job, so we can get them back into work as quickly as possible. A range of support is available for young people at all stages. I think it is also right to provide additional support for young people who have been out of work for many months. We have therefore introduced a guarantee to ensure that no young person should be out of work and on the dole for more than 12 months, because we need to prevent long-term unemployment that could scar them for many years to come.

Mrs. Theresa May (Maidenhead) (Con): I have to say to the Secretary of State that her complacency about youth unemployment is breathtaking. Under this Labour Government youth unemployment has reached a record high. One in five young people cannot find a job and we have the highest level of youth unemployment in Europe. At the beginning of a person's working life, any period of unemployment can be devastating. Young people need help to get them into a job, so why are the Government making them wait 12 months before giving them that help?

Yvette Cooper: The right hon. Lady's claim is nonsense. As I made clear in answer to the previous question, we are increasing support by providing additional help for young people from the very moment when they lose their job or leave education. We are expanding the amount of available training and support, and we are investing more than £1 billion in youth jobs, which Opposition Members still oppose. Their stance is baffling. Councils and housing associations across the country all support creating jobs for young people so that they are never again abandoned to long-term unemployment, as they were by the right hon. Lady's party in the '80s and '90s. We think it is right to keep investing to help young people get back into work; her party just wants to pull the plug.

Mrs. May: The Secretary of State talks about extra help being given to young people at an earlier time in their unemployment, but the take-up figures for the young person's guarantee show that only one in 136 young people is taking up the six-month offer; that is 1,550 out of 207,000 young people who have been unemployed for the requisite period of time. Is it not the case that this Government announce idea after idea to grab a headline, but are failing to give the real help that young people need? Is not now just the time for the Government to accept that the real help young people need will come from the Conservatives through our policy of referring young people to welfare-to-work providers after six months?

Yvette Cooper: I think young people should be terrified at the prospect of help from the Conservatives, when the right hon. Lady's party continues to propose cutting £5 billion from the support for the unemployed and wants to cut funding to the economy in the middle of a recession, something that Professor Blanchflower, formerly of the Bank of England, says would push unemployment up to 5 million. That would be devastating for young people. We should offer support early on and throughout any young person's unemployment, and month after month keep increasing that support. That is what will get young people back into jobs.

Jobseeker's Allowance

2. **Miss Anne McIntosh** (Vale of York) (Con): How many people were receiving jobseeker's allowance in Vale of York constituency on the latest date for which figures are available. [293497]

The Parliamentary Under-Secretary of State for Work and Pensions (Jonathan Shaw): At September 2009, there were 1,186 jobseeker's allowance claimants in the Vale of York constituency. In September, 285 went on to JSA, but I am sure that the hon. Lady will welcome the fact that 315 people came off it.

Miss McIntosh: Does the Minister accept that this is a record number of unemployed in the Vale of York, particularly in the 18 to 24 years category? May I remind him that when the Conservatives left government in 1997, youth unemployment was falling? He will have to fight an election on rising youth unemployment—what is he going to do to solve it?

Jonathan Shaw: I think the hon. Lady welcomed the fall in the September unemployment figures in her constituency. As I have said, the off-flow was 315 and the on-flow was 285, and I think that 315 is more than 285. I hope that she will welcome the future jobs fund in her area. The Yorkshire and Humberside tranche has £19 million to support young people in her area, helping them to get jobs. It would be a blank sheet of paper when it came to the Tory policy.

Miss McIntosh: On a point of order, Mr. Speaker. Owing to that wholly unsatisfactory answer, I would like to apply for an Adjournment debate.

Mr. Speaker: The hon. Lady and the House will be aware that as a consequence of that point of order being raised, any further exchanges on this question are immediately brought to an end. They cannot happen, so we move on to the next question.

3. **Mr. Jim Cunningham** (Coventry, South) (Lab): How many people in receipt of jobseeker's allowance subsequently entered employment in the most recent quarter for which figures are available. [293498]

The Minister for Employment and Welfare Reform (Jim Knight): In the quarter to September 2009, about 1 million people left jobseeker's allowance. We do not know exactly how many moved into work because there is no requirement for people to tell us, and it would not be cost-effective to use staff time to follow up every case.

Mr. Cunningham: I appreciate that the Minister has to be cost-effective, but can he give us some idea of how many people remain on JSA and for how long, and what happens to them afterward?

Jim Knight: About 50 per cent. of people leave jobseeker's allowance within three months, about 70 per cent. within six months and more than 85 per cent. within 12 months. Naturally, the vast majority of those are getting into work. There is still plenty more to be done on unemployment, but this party will keep up the investment that has been successful so far in minimising unemployment levels during this recession.

Alistair Burt (North-East Bedfordshire) (Con): Unemployment in my constituency has risen by more than 100 per cent. in a year and by some 80 per cent. since 1997. What figure is the Minister's Department contemplating as the peak of unemployment in this country, and when does it expect that to happen?

Jim Knight: As I am sure the hon. Gentleman knows from his previous work in my Department, we do not make our own unemployment forecasts, but it is interesting to note that the independent forecasters have been downgrading their predictions. I read of one this morning predicting that it would peak at 2.7 million. Meanwhile, forecasters such as Professor Blanchflower are saying that unemployment under the hon. Gentleman's party, with the policies advocated by the shadow Chancellor, would mean unemployment rising to 5 million.

David Taylor (North-West Leicestershire) (Lab/Co-op): Are we keeping jobseeker's allowance, which is just £64.30 a week, at very low levels to encourage people to enter the workplace? If it had kept pace with earnings since 1980, it would be worth over £100, and if the link had been reintroduced in 1997 it would have been £75. Will he encourage the Chancellor in his pre-Budget report to re-link it to earnings, as the TUC, all the poverty organisations and early-day motion 543 are urging?

Jim Knight: I always listen carefully to my hon. Friend, as a critical friend, and I am sure the Chancellor will also be listening. It is important when considering JSA rates to consider also the entitlement to other benefits that go with it, such as housing and council tax benefit, so it would be untrue to say that that is the only money people have to live off.

Angela Watkinson (Upminster) (Con): Among the jobless in my constituency is a significant number of newly unemployed professionals who have a very long-term record of paying tax and national insurance contributions, and who find that the help available to them is minimal. What more will the Minister do under the newly unemployed professionals scheme, and how many people in this category have been assisted in my constituency?

Jim Knight: We will continue to look at what we need to do for the executive unemployed. As the hon. Lady knows, from day one of unemployment, they have the opportunity for referral to an executive recruitment agency to assist them with job-seeking skills and getting them back into work. In September, 408 people flowed off jobseeker's allowance but 393 flowed on, so the numbers actually fell in her constituency last month; but I cannot tell her how many of those were at the executive end.

Steve Webb (Northavon) (LD): Jobseeker's allowance is one of those benefits whereby when the Department has overpaid because of official error, it has written to people to try to claw the money back. That process has been ruled unlawful, so can the Minister tell us what the Department's practice will be in the future and whether it will be refunding money that has been unlawfully reclaimed from claimants?

Jim Knight: I am sorry to give the hon. Gentleman a dull answer—that is territory with which he is very familiar—by telling him that we are considering the judgment in that case.

Mr. James Clappison (Hertsmere) (Con): Will it not have been depressing for a newly unemployed person to have heard the Secretary of State's response in today's exchanges? Her first response to the unemployment crisis is to reach for the history books and rewrite the statistics from the 1990s. May I take the Minister for Employment and Welfare Reform back to the question that his colleague failed to answer about the young person's guarantee? Does not that guarantee take effect at 10 months—his policy and her policy is for 10 months—not 12 months, as she seems to think? *[Interruption.]* Is it not far too long for a young person to have to wait until they have been out of work for 10 months before they get the help they need? Would it not be far more appropriate for a young person to receive specialised individual help after six months?

Mr. Speaker: Order. I have to say to the hon. Member for Hertsmere (Mr. Clappison) that that question was too long as well.

Jim Knight: The hon. Gentleman will know that a range of things are available to people from day one, such as basic skills training and referral to experts in respect of CV writing and so on, and that the young person's guarantee comes into force at 12 months. The future jobs fund, which his party opposes, comes into play at 10 months—so, of course, the Secretary of State was right. He should know that the Tories are the party of unemployment; in this recession, they oppose measures that the International Labour Organisation says saved between 7 million and 11 million jobs worldwide—500,000 in this country—and they are proposing measures that would put the level of unemployment up to 5 million. Time and again the Conservatives have moved people off unemployment and on to incapacity payments—we are reversing that.

Pensioners

6. **Mr. Lindsay Hoyle** (Chorley) (Lab): Whether she plans to provide any additional financial assistance for pensioners this winter. [293501]

The Minister for Pensions and the Ageing Society (Angela Eagle): This winter, pensioners will again receive an additional payment on top of the winter fuel payment and be entitled to increased cold weather payments as part of a wider package of measures to provide real help to pensioners in the current downturn.

Mr. Hoyle: May I say to the Minister that I welcome that answer and the Government's commitment to support pensioners, especially as it will be a cold winter? Will she consider the reintroduction of the £60 winter bonus? Will she have a conversation with the Treasury about that matter?

Angela Eagle: I am always happy to consider any suggestion made by my hon. Friend. During the pre-Budget report period I will ensure that the Chancellor has his attention drawn to my hon. Friend's question.

Mr. Philip Hollobone (Kettering) (Con): Many pensioners, including many veterans, qualify for disabled facilities grants from their local councils, but up and down the country far too many pensioners are being placed on waiting lists rather than being provided such facilities within six months, as is the mandatory requirement. Many pensioners are having to wait six months or longer to get facilities installed. Could her Department look into that, because many pensioners would benefit if the Government were to focus on that grant?

Angela Eagle: I am happy to make inquiries as a result of the hon. Gentleman's question. Although this sounds like an issue for the Department for Communities and Local Government, rather than for the Department for Work and Pensions directly, I shall look into it and drop him a line.

Mr. David Winnick (Walsall, North) (Lab): Would my hon. Friend pledge that it is not Government policy to revert to the situation that existed prior to 1997, when the only help that pensioners received with their fuel bills was the cold weather payment, whereby they had to be freezing for seven—not five or six—consecutive days and then perhaps £8 was given? We do not want to return to that under a Tory Government.

Angela Eagle: My hon. Friend is quite right. I hope that he will give this Government credit for increasing the cold weather payments last year and this year to £25 a week, because fuel bills have been high. I point out to him that, as I am sure he already knows, a mere £60 million a year was spent on winter fuel payments when we came into office. We now spend £2.7 billion a year.

Youth Unemployment

7. **Sir Nicholas Winterton** (Macclesfield) (Con): What priorities she has set for reducing youth unemployment. [293502]

The Secretary of State for Work and Pensions (Yvette Cooper): Young people are being particularly affected by the world recession. That is why we are funding hundreds of thousands of new opportunities for young people to help get them into work, including more than 100,000 youth jobs and targeted training in those areas that are recruiting, such as the care sector. We are also providing more apprenticeships and further education places. The most important priority is to prevent long-term youth unemployment.

Sir Nicholas Winterton: A report from the Prince's Trust, which is widely valued and respected, found that young people without qualifications are twice as likely to seek jobseeker's allowance as young people with qualifications. Can the Secretary of State tell us how Government policies and plans will address that very serious problem?

Yvette Cooper: The hon. Gentleman is right that the problem is most severe for those who have the fewest qualifications. They can find it difficult to get into work and that is exactly why we have introduced the September guarantee this year, which guarantees that all 16 and 17-year-olds can stay on in education. We have invested an additional £600 million in order to make that possible and to provide those additional places. We need to ensure that we have a growing number of apprenticeships and further education places, too. I notice that in the hon. Gentleman's constituency—I think that he will welcome this—the number of 18 to 24-year-olds on the claimant count actually fell slightly last month.

Miss Anne Begg (Aberdeen, South) (Lab): One reason for youth unemployment is those 16 to 18-year-olds who leave school, do not go into education or training and fall out of the system because they do not qualify for benefits. My right hon. Friend has just mentioned the fact that the education leaving age will be raised to 18, but will she explain why that is so important, as the Scottish National party Government in Holyrood have said that they will not do that?

Yvette Cooper: My hon. Friend is right that we need to ensure that young people do not fall through the net and that they get the support they need. That is why we think that it is right to make it an obligation that all young people should stay in some form of education through to the age of 18. That is the best way to provide them with a better long-term future as well as to increase their chances of staying in employment. That is why, as well as funding the additional education places, we need the requirement for young people to stay on in education.

Paul Rowen (Rochdale) (LD): The Secretary of State is aware that, as she has mentioned, record numbers of students have enrolled on apprenticeships and FE courses. What discussions has she had with the Business Secretary about ensuring that all those places are fully funded and that colleges are not losing out?

Yvette Cooper: As the hon. Gentleman would expect, I have had discussions not only with the Business Secretary but with the Secretary of State for Children, Schools and Family about how we can work across the Government to increase the support for further education places and apprenticeships. We are also increasing the number of graduate internships to help people take that first step on the employment ladder as well as enabling them to stay in education.

Clive Efford (Eltham) (Lab): Will the Secretary of State consider the situation in which a young constituent of mine finds himself? He is on jobseeker's allowance and he has found a three-month Government-funded course in his chosen profession of leisure and training, but because he is technically not seeking work during those three months he has had his jobseeker's allowance stopped. That has caused him financial difficulties. If we are trying to help young people to gain skills and to move into work, should we review that ruling?

Yvette Cooper: I am happy to look into the individual case that my hon. Friend mentions. He will be aware that there is a lot of support to provide training for those people who are seeking work, including short-term pre-employment training places, which help people to get specific jobs, as well as longer term opportunities. It is right that we should provide those training opportunities and it is also right that we should do as much as possible to help people into work and to get that first work experience. People need training and, often, the work experience, too.

Andrew Selous (South-West Bedfordshire) (Con): Will the Secretary of State join me in congratulating Kent county council, which reduced the number of young people who are not in employment, education or training in Kent by 12.5 per cent. whereas the equivalent figure rose by 11 per cent. in the rest of the south-east? Would she further agree that rolling out Kent's example of technical schools and apprenticeships across the country would help to reduce unemployment among young people across the UK?

Yvette Cooper: The hon. Gentleman may be aware that, in fact, Kent county council backs the future jobs fund, which is one of the programmes in which it is involved, to help young people get jobs and get back into work. Councils across the country support those youth jobs, and it is deeply disappointing that the Conservatives are the only people who oppose those jobs and want to pull the rug out from beneath them.

Long-term Unemployment

8. **Andrew Gwynne** (Denton and Reddish) (Lab): What steps she is taking to reduce levels of long-term unemployment. [293503]

The Minister for Employment and Welfare Reform (Jim Knight): Long-term unemployment is lower than in 1997, much lower than it was during the recession of the 1990s, and much lower still than in the recession of the 1980s. Despite increases in unemployment, the numbers on key out-of-work benefits have fallen by about 450,000 since 1997. However, we are not complacent. The tailored support offered by the flexible new deal is the right strategic response to the challenge of long-term unemployment. The future jobs fund and the young person's guarantee are the right measures for long-term youth unemployment.

Andrew Gwynne: I thank the Minister for that response. It is crucial that we ensure that the long-term unemployed have the right support, assistance and training to be able to access the jobs market again. Given that the practice in previous downturns was to encourage people into inactive benefits, what assurances can my right hon. Friend give the House that the number of people on such benefits does not increase in this downturn?

Jim Knight: I thank my hon. Friend for the opportunity to remind the House that when the Opposition were in power they shifted people from unemployment on to incapacity benefit, whereas in just the last year, if we exclude students, inactivity as a proportion of the working-age population is down 0.2 of a percentage point over the past year at 15.3 per cent., which is testament to the efforts of the staff working in Jobcentre Plus, who do the work capability assessments, move people off incapacity benefit on to jobseeker's allowance and then, crucially, into work.

Mr. Mark Harper (Forest of Dean) (Con): That was a very helpful question from the hon. Member for Denton and Reddish (Andrew Gwynne). There are 2.5 million people on incapacity benefit. Under the Government's invest to save proposals, for almost the whole of the next Parliament, if they were returned to office, only about 10 per cent. of those people could expect any help. Why do the Government not follow our approach, rip up the Treasury rules and start to help all those people from day one?

Jim Knight: As the hon. Gentleman knows, both his party and my party are going in the same direction of travel, but he wants to go at a rate that there is simply not the capacity in the system to be able to deliver. He would have to hire 1,500 doctors from somewhere. I do not know where he is going to get them from—perhaps his cuts in the NHS will be so severe that they will be made redundant by the Health Secretary.

Kelvin Hopkins (Luton, North) (Lab): During the 1940s, 1950s and 1960s, Britain maintained a policy of long-term full employment, not unemployment, following the prescriptions of the great John Maynard Keynes. May I suggest to my right hon. Friend that we return to those prescriptions, fully embrace the wisdom of Keynes and abandon neo-liberalism once and for all?

Jim Knight: My hon. Friend, who is a wise student of these things, will have noticed that the slightly unorthodox approach that my right hon. Friend the Prime Minister co-ordinated at the G20 London summit was much more Keynesian in character. As a result, as I said earlier, the ILO has assessed that the effect on unemployment across the G20 is a reduction of between 7 million and 11 million—with 0.5 million here in the UK—thanks to the policies adopted by the Prime Minister.

Personal Accounts

11. **Mr. Edward Vaizey** (Wantage) (Con): What recent progress has been made in the implementation of personal accounts; and if she will make a statement. [293506]

The Minister for Pensions and the Ageing Society (Angela Eagle): We are currently consulting on secondary legislation and remain on track for implementation from 2012.

Mr. Vaizey: Apart from the ever-increasing delay on personal accounts, and the ever-increasing expense, is not the real problem that by forcing people to save in a scheme that will then be means-tested, the Government are effectively setting up the greatest pension mis-selling scandal of the 21st century?

Angela Eagle: The proposals on which we are consulting and putting into effect were a result of the Turner commission, which began its deliberations in 2004, and the subsequent political cross-party consensus, which I thought we had, has led us to the implementation phase. The hon. Gentleman appears to indicate that the consensus is over. Is that the case?

Mr. Nigel Waterson (Eastbourne) (Con): Perhaps the Minister remembers that Turner said that the scheme should start in 2010. Does she accept that it would be sensible for any new Government to hold a review of personal accounts, especially in the light of the four-year delay in implementation that she recently announced? Can she confirm that the delivery authority will not sign any binding contracts with providers prior to the date of the next general election?

Angela Eagle: It seems to me, then, that the consensus is ending. I have not announced a four-year delay. What I have done is agree with the considered advice from the Personal Accounts Delivery Authority, which has looked at the sheer scale of the auto-enrolment that will see up to 10 million people saving for the first time into workplace pension schemes, with a guaranteed employer contribution. It would be folly to decide to do that too quickly and collapse the whole scheme. There is no delay; there is just good implementation that will not put at risk the architecture that we have to create from scratch.

Child Support System

12. **John Mann** (Bassetlaw) (Lab): How many cases are being dealt with under the (a) old and (b) current child support system. [293508]

The Parliamentary Under-Secretary of State for Work and Pensions (Helen Goodman): There are currently 687,000 cases on the statutory scheme which are assessed under the current scheme rules, and 569,600 cases on the statutory scheme which were assessed under the rules in place prior to 2003.

John Mann: Considering the controversy that exists, is there more scope for voluntary agreements? If the Minister agrees that there is not, should there not be a model voluntary agreement written and piloted by Government and backed by sanctions?

Helen Goodman: My hon. Friend makes an interesting suggestion. At present the Child Maintenance and Enforcement Commission can provide support through the new child maintenance options service so that where both parents can agree, they can move out of the statutory scheme to private arrangements that best suit their circumstances. Perhaps if a model were provided, it would not give the flexibility that parents are looking for.

Mr. Christopher Chope (Christchurch) (Con): Does the Minister accept that a figure of over half a million people on the old scheme represents untold unfairness and hardship for many of those families? Will she look particularly at the position of those who are on war pensions? I have a constituent who is on a war pension and who has to pay more than £20 a week to the Child Support Agency, notwithstanding the fact that that war pension should be going to him.

Helen Goodman: Although I understand the concerns that the hon. Gentleman expresses about the different impact of the two schemes on different people, the fact is that for every parent who would gain by switching from the old scheme to the current scheme, another parent would lose. Therefore it would not be practical to transfer cases simply on the say-so of one side. If the hon. Gentleman wishes to write to me about his specific case with respect to war pension, I shall be happy to respond.

Rob Marris (Wolverhampton, South-West) (Lab): Enforcement by the Child Support Agency seems to be pants. When are the Government going to get it sorted out?

Helen Goodman: I am afraid I have to disagree with my hon. Friend. The Child Maintenance and Other Payments Act 2008, which we are implementing, introduced stronger enforcement powers to tackle the minority of parents who persist in avoiding their responsibilities. These include deduction of maintenance from bank accounts, recovery from deceased estates, application to courts for curfew orders and passport withdrawal, disclosure of information to credit reference agencies, lump sum deduction orders and deductions from private pensions. Further measures are being taken in the Welfare Reform Bill.

Child Poverty

13. **Mr. Robert Goodwill** (Scarborough and Whitby) (Con): What recent progress has been made towards meeting the 2010 target on child poverty reduction. [293509]

The Parliamentary Under-Secretary of State for Work and Pensions (Helen Goodman): Measures that we have taken in the past decade have lifted 500,000 children out of relative poverty and halved the level of absolute child poverty. Had the Government simply uprated the 1997 tax and benefits system in line with prices, we estimate that around 2.1 million more children might live in poverty today. Measures announced in and since Budget 2007 are expected to lift at least a further 500,000 children out of poverty by 2010.

Mr. Goodwill: At the 2005 Labour party conference, the current Prime Minister announced his ambition to halve child poverty by 2010. Will that target be met? A simple yes or no will suffice.

Helen Goodman: We are now in 2009, as I am sure the hon. Gentleman realises. The latest figures that we have relate to 2007, and our best forecast is that the measures taken since then will lift a further 600,000 children out of poverty. That will take us two thirds of the way to our target. The opportunity still exists to take further action and the economy is changing, so I am sure that the hon. Gentleman will be patient and wait until Question 1 in 2012, when we will have the answer to his question.

Ms Sally Keeble (Northampton, North) (Lab): Is my hon. Friend aware that the biggest increase in child poverty took place between 1979 and 1997—in particular, when child benefit was frozen? Does she agree that any potential Government who in future froze child benefit would lead us to the biggest increase in child poverty, again, that this country has seen?

Helen Goodman: My hon. Friend is absolutely right. Child poverty figures doubled from 1.7 million to 3.4 million. We continue to increase child benefit and child tax credit, and that is why we have successfully halted and reversed the previous trend.

John Mason (Glasgow, East) (SNP): Does the Minister accept that the Child Poverty Action Group reckoned that £3 billion was required to do away with child poverty and move forward, and that, therefore, it is not going to happen?

Helen Goodman: No one said that the task was going to be easy. On the contrary, because it is difficult we have introduced the Child Poverty Bill to maintain the pressure on the Government, in all circumstances, to achieve the eradication of child poverty by 2020. The most important thing, however, is that in the depths of the recession this Government have continued to take action to tackle that scourge.

Youth Unemployment

14. **Mrs. Joan Humble** (Blackpool, North and Fleetwood) (Lab): What steps she is taking to reduce unemployment among young people; and if she will make a statement. [293510]

15. **Tony Baldry** (Banbury) (Con): What steps the Government are taking to reduce youth unemployment. [293511]

The Secretary of State for Work and Pensions (Yvette Cooper): I refer the hon. Members to the answer to Question 7.

Mrs. Humble: Is my right hon. Friend aware of an organisation in Blackpool called Progress Recruitment, which, by working with Jobcentre Plus and the Connexions service, is helping young people with disability to get into work? One of its many successes is Rachel Lambert, who at just 17 and with severe physical disabilities has been helped into self-employment, now has her own business and is supported by further training at the Blackpool sixth-form college. The entrepreneurial can-do spirit applies to young people, and, whether they have disabilities or not, that is an option for them.

Yvette Cooper: My hon. Friend is right, and we must ensure that we also help young people who have different disabilities and need additional help with different ways into work. She may also be interested to know that the proportion of disabled people in work has increased by about 7 per cent. to more than 50 per cent. in the past eight years, so for the first time there are more disabled people of working age in work than there are out of work—precisely because of the kind of programme that my hon. Friend talks about.

Tony Baldry: Is the Secretary of State aware that 947,000 young people between 16 and 24 years old are unemployed, of whom 500,000 claim jobseeker's allowance? Some 38 per cent. of all unemployed claimants are young people, and the young unemployed of today are likely to be the long-term unemployed of tomorrow. Does she not agree that we need radical action to tackle youth unemployment? What are the Government doing to tackle it?

Yvette Cooper: The hon. Gentleman is right to point to the fact that young people are affected by the recession. I think that he refers to the International Labour Organisation figures for 16 to 24-year-olds, which include more than 250,000 young people who are in full-time education and also say that they are looking for work. It is right that we provide a range of support from the very moment that young people become unemployed. So far, our work is preventing the long-term youth unemployment of previous decades, so about 10,000 young people are on the long-term claimant count, compared with 200,000 in previous decades.

Mr. Alistair Carmichael (Orkney and Shetland) (LD): Has the Secretary of State yet had the opportunity to consider the report published by the Federation of Small Businesses last week—"Small Businesses, Big Employers"—in which it makes the point that some 69 per cent. of apprentices are employed in small businesses but only 5 per cent. of small businesses are aware of the full range of help that is available to them for apprentices? What is she going to do about that?

Yvette Cooper: The hon. Gentleman makes an important point. That is exactly why we announced only this year that we wanted to work with the Federation of Small Businesses so that it could take on not only more apprenticeships but more internships, particularly for graduate interns, who can often provide additional support for small businesses. Internships are also a great opportunity for young graduates to get their first bit of work experience. That is how they can benefit small businesses and young people. We are looking at ways to increase the support in jobcentres for small businesses to do exactly that.

Personal Accounts

16. **Mr. Adam Holloway** (Gravesham) (Con): What recent progress has been made on the introduction of personal accounts; and if she will make a statement. [293512]

The Minister for Pensions and the Ageing Society (Angela Eagle): I refer the hon. Gentleman to the answer I gave to the hon. Member for Wantage (Mr. Vaizey) a little while ago.

Mr. Holloway: Eighty-six per cent. of smaller employers have said that they will review their pension arrangements ahead of the introduction of personal accounts. Of those, 41 per cent. have said that they will consider closing down their existing schemes as a result. Is not the Minister worried that this is a levelling down?

Angela Eagle: The real issue is that two thirds of people who work in the private sector have no opportunity of a workplace pension at all. That is why Members on both sides of the House agreed to introduce automatic enrolment in the 2008 legislation on pensions. The hon. Gentleman seems to be arguing, much as the Conservative party argued when we introduced the minimum wage, that if there is a minimum everybody reduces their arrangements to that minimum. It has not happened with the minimum wage, and I do not believe that it will happen with pensions.

Harry Cohen (Leyton and Wanstead) (Lab): Will the Minister ensure that employers contribute their share to the personal accounts of their employees and do not, under false pretences, get their employees to opt out when it is not appropriate?

Angela Eagle: We will design the information for employers and employees to ensure that we make the case positively for those who are automatically enrolled to stay in personal accounts. It is important that they contribute to pension saving to build the second tier of pensions on top of the improvements to the basic state pension that we are introducing next year, which will make it more universal, fairer and more generous.

Jobseeker's Allowance

19. **Mr. Peter Bone** (Wellingborough) (Con): What the percentage change was in the number of people claiming jobseeker's allowance between the end of September 1997 and the end of September 2009 in (a) England and (b) Wellingborough constituency. [293515]

The Minister for Employment and Welfare Reform (Jim Knight): From September 1997 to the end of September 2009, there was an 8.6 per cent. change in the number of jobseeker's allowance claimants in England, with a 96.3 per cent. change in Wellingborough parliamentary constituency. However, the hon. Gentleman will be pleased to hear that in September the number of people leaving JSA exceeded the numbers coming on to JSA by 51.

Mr. Bone: Unemployment is higher across the country now than it was in 1997; unemployment in Wellingborough is actually double what it was in 1997. Why is it that when every Labour Government are thrown out of office, unemployment is higher than when they came to power? Is it not true that Labour is the party of unemployment?

Jim Knight: As I have already said, it is not true: it is the hon. Gentleman's party that is the party of unemployment. It is worth his noting, for example, the employment rate—2.5 million more people are in jobs now than in 1997. It is also worth noting that the number of lone parents on benefit in his constituency has fallen by 23 per cent. Looking at long-term unemployment, the numbers of young people claiming JSA for more than 12 months is a seventh of what it was when we came to power and a twentieth of what it was during the last recession.

Mr. Brian Jenkins (Tamworth) (Lab): My right hon. Friend realises that unemployment is a tragedy for those unemployed, but will he give us the percentage of those unemployed and those in employment over the past few years? If he does not have the figures now, will he send me a copy and put one in the Library?

Jim Knight: I will gladly write to my hon. Friend with the detailed statistics that he asks for. I am grateful to him for his question, because beneath the exchanges that we have over the Dispatch Box it is important to remember that every person who is unemployed, and their family, is going through a crisis. However much heat we might generate in the House, we must not forget that.

Incapacity Benefit

20. **Danny Alexander** (Inverness, Nairn, Badenoch and Strathspey) (LD): How many recipients of incapacity benefit who have been reassessed for employment and support allowance (a) have been placed in the work-related activity group, (b) have been placed in the support group and (c) did not meet the qualifying criteria. [293516]

The Parliamentary Under-Secretary of State for Work and Pensions (Jonathan Shaw): Some 195,000 processes have begun for new ESA claimants, and we will migrate the rest of the incapacity benefit cohort from 2010 to 2013.

Danny Alexander: I am grateful for that answer, but my experience from my constituency case load, and the experience of the Inverness citizens advice bureau, is that the new rules for ESA are being used to exclude far greater numbers of people than were excluded from the previous benefit. In one case, a former member of staff at the Department for Work and Pensions was rendered unfit for work and retired on the grounds of ill health thanks to an assessment by an Atos Origin doctor. That same doctor then gave him a nil score for ESA. There is huge inconsistency in the process. Can the Minister assure me that Atos Origin doctors have not been instructed to—

Mr. Speaker: Order. I think we have got the drift of it.

Jonathan Shaw: There is a new assessment, which considers what people can do rather than what they cannot do. As I said, 195,000 people have begun that process, which is backed up with the pathways to work programme. We are assisting people to find employment. The incapacity benefit test is very different from the work capability assessment under the new arrangements, and part of the programme is that we want to see more people in employment rather than confined to incapacity benefit year after year.

Topical Questions

T1. [293521] **Simon Hughes** (North Southwark and Bermondsey) (LD): If she will make a statement on her departmental responsibilities.

The Secretary of State for Work and Pensions (Yvette Cooper): My Department is today publishing research that has found that there is still significant racial discrimination in recruitment, so that similar applicants with ethnic minority names are less likely to get a positive response. We believe that that is completely unacceptable. It is also bad for business, because it is missing out on talent. We are considering ways to strengthen the approach to governance and procurement, and my right hon. Friend the Minister for Employment and Welfare Reform is looking at further ways to address the problem.

Simon Hughes: I thank the Secretary of State. We spotted that problem a long time ago, and I am glad that her Government now have too.

Over the summer, a 79-year-old disabled and deaf pensioner in my constituency had his pension payments suspended for a fortnight as a result of one of the random checks carried out by the Pension Service, for which he has received an apology. Will she undertake that in future, no pensioners will be left without any money at all because of an administrative checking system that clearly does not take any account of the needs of individuals in receipt of pensions?

Yvette Cooper: I am very happy to look into the case that the hon. Gentleman refers to. If he wants to supply me with details, I will look into that case and the wider repercussions.

T3. [293523] **Mr. Lindsay Hoyle** (Chorley) (Lab): Will my right hon. Friend confirm that this Government have spent more than £100 billion on pensioners since 1997, but can we also have a commitment that they will not increase the pensionable age by 2016 and that people will know that when they retire, the money they have paid in is protected and they do not have to work an extra year?

Yvette Cooper: My hon. Friend is right that we have increased the support, which has helped lift pensioners out of poverty. He is right also that it is not fair on people in their 50s, particularly their late 50s, suddenly to make them rip up their retirement plans and say that they have to work an additional year before they can get their pension. We know that we have an ageing population, and we have set out long-term plans to increase the retirement age, but people should have security to plan for their retirement. It is not fair otherwise.

T2. [293522] **Mr. Peter Bone** (Wellingborough) (Con): With reference to future employment prospects, is it a good thing or a bad thing that Royal Mail is taking on 30,000 temporary staff?

Yvette Cooper: Those decisions are a matter for Royal Mail, not for the Department for Work and Pensions.

T10. [293530] **Harry Cohen** (Leyton and Wanstead) (Lab): Has the Minister seen the recent report from the TUC stating that if a person loses their job, their out-of-work benefits are just 10 per cent. of the average salary? They were 19 per cent. in 1970. Does that not show that it would be wrong to launch another assault on benefit levels, as the Tories want to do, when they are already difficult for people who lose their jobs?

The Minister for Employment and Welfare Reform (Jim Knight): I have seen that report from the TUC and, as ever, its interesting analysis. I refer my hon. Friend to the reply I gave to our hon. Friend the Member for North-West Leicestershire (David Taylor), who asked a similar question. It is important to take into account all the benefits to which people are entitled—not just jobseeker's allowance or employment and support allowance, but council tax benefit and housing benefit. In the end, it is also important to ensure that we make work pay. My concern about the Conservatives' proposals is that they want to shunt people around the benefits system—

Mr. Speaker: Order. I say to the Minister of State that we are interested in his comments on Government policy rather than that of the Opposition.

T4. [293524] **Philip Davies** (Shipley) (Con): Unemployment in the Shipley constituency is now 31 per cent. higher than it was in 1997. Do the Government take responsibility for that, and what do they propose to do to help people in the constituency back into work?

Jim Knight: Clearly, the recent serious rises in unemployment in the hon. Gentleman's constituency, as elsewhere, have been as a result of the global recession. Unemployment has been rising all over the world, but it is worth noting that long-term unemployment in his constituency has fallen by 48 per cent., that long-term youth claimant unemployment has fallen by 32 per cent., that the employment rate has risen by 0.1 per cent., and that the number of lone parents out of work has fallen by 1.2 per cent. I am very happy to take credit for those figures.

Gordon Banks (Ochil and South Perthshire) (Lab): On cold weather payments, inland areas in my constituency have their temperature measured 30 miles away on the coast, which is neither accurate nor acceptable. What more can the ministerial team do to address that?

The Parliamentary Under-Secretary of State for Work and Pensions (Helen Goodman): My hon. Friend is no doubt aware of the decision to maintain at £25 the cold weather payment for this winter. We will shortly be announcing the results of the annual review of the weather stations, which we do in consultation with the Met Office.

T5. [293525] **Tony Baldry** (Banbury) (Con): Is there any other country in Europe today that has a higher proportion of children growing up in workless households than we do here in the UK?

Yvette Cooper: The hon. Gentleman will be aware that, in fact, the number of children growing up in workless households has dropped since 1997 as a result of programmes such as tax credits, which help people back into work, and as a result of the substantial support that has increased employment among lone parents, and is continuing to do so even during what is a difficult recession. The Government believe that we need to keep cutting child poverty by continuing to support children and by supporting families into work.

Natascha Engel (North-East Derbyshire) (Lab): Will my right hon. Friend take steps to stop the benefits of pregnant women being sanctioned? She will be aware that employers are not exactly falling over themselves to employ pregnant women. That goes absolutely nowhere towards meeting our child poverty targets.

Yvette Cooper: My hon. Friend is right that we need to ensure that pregnant women are not discriminated against in employment. She may also be interested to know that we have recently tabled an amendment to the Welfare Reform Bill to remove the sanctions for families with children under one so that they are no longer financially penalised if they miss a work-focused interview when, for example, the child is very young and we would often expect parents still to be on maternity leave.

T6. [293526] **Mr. Stephen Crabb** (Preseli Pembrokeshire) (Con): What discussions has the Minister had with the Treasury about the system of child support when the care of the child is split equally between two former partners? I have a constituent who cares for her child fully half the week, but because she is not named as the recipient of child benefit, she is deemed by the Department for Work and Pensions to be the non-resident parent. She therefore finds herself in a fight for resources with her former partner and is impoverished as a result. Her former partner receives the full amount of child benefit and is also entitled to maintenance payments from her.

Helen Goodman: The hon. Gentleman raises a specific case; there are a small number of people in the same situation as his constituent. Obviously, operational matters are dealt with by the Child Maintenance and Enforcement Commission, to which I will refer the case.

Rob Marris (Wolverhampton, South-West) (Lab): Earlier today the Minister told me that the Child Support Agency was going to get even more powers for enforcement. When will the Government stop giving the CSA more powers for enforcement and actually ensure that it uses the enforcement powers it already has?[1]

Helen Goodman: I can inform my hon. Friend that CMEC is using its powers extremely effectively. The maintenance collected has now reached £1.136 billion, which is £157 million above the target.

T7. [293527] **Mr. Andrew Robathan** (Blaby) (Con): Throughout Question Time, we have heard talk of billions of pounds invested in job creation and grandiose schemes, and constant attacks on the wicked Tories. I see Ministers in denial. Can the Secretary of State tell us simply whether youth unemployment has been rising since 2005 and is it now at a record level approaching 1 million?

Yvette Cooper: We have had this discussion already. In fact, the ILO figures to which the hon. Member for Banbury (Tony Baldry) referred include more than 250,000 young people who are in full-time education and say that they are looking for work—including part-time work. We are also concerned that youth unemployment has been affected by the world recession, and that is happening in countries across the world, but it is important that we do everything that we can to help young people and increase the support for getting them into work and training, rather than—as Opposition Members still want to do—to cut that investment just when it is needed most.

David Taylor (North-West Leicestershire) (Lab/Co-op): Some two thirds of tracing inquiries for mesothelioma and other industrial asbestos victims relate to post-1972 exposures when insurance was a legal requirement, but fewer than two in five are successful. What is the current position on the setting up of an employees' liability bureau, as suggested by many Labour Members?

The Parliamentary Under-Secretary of State for Work and Pensions (Jonathan Shaw): My hon. Friend will know that 98 per cent. of people can trace the insurance cover from their former centre of employment, and the Government are working with the insurance industry to look at those thousands of cases that remain. The insurance industry is looking to bring together all the different insurance policies so that they can address this. The work done by the unions and hon. Members has been raised with Lord McKenzie, and will be taken into account. We are keen to move forward.

T8. [293528] **Mr. Adam Holloway** (Gravesham) (Con): I was staggered to hear that, after all these years of Labour utopia, 40 per cent. of year 11 children in my constituency are not getting a C grade in English or maths. How does the Minister propose to ensure that those kids do not end up not in education, employment or training?

Jim Knight: The hon. Gentleman will have noted the significant improvement that we have seen in results over the last 12 years in his constituency and elsewhere. In 1997, only one third of young people managed to get

1. *[Official Report, 29 October 2009, Vol. 498, c. 5MC.]*

5 A*s to C, including English and maths, at GCSE, and now it is around a half. That is significant progress. The problem of NEETs is something that we are all focused on addressing, and that is why we have brought forward the September guarantee of a place for every 16 and 17-year-old in school or college, which his party does not support. That is also why we have brought forward the future jobs funds, funded by Government borrowing, which his party does not support. That is why we have brought forward a range of measures, costing £5 billion of Government borrowing, which his party does not support.

Mr. Brian Jenkins (Tamworth) (Lab): Will my hon. Friend consider linking the cold weather payment to the price of fuel, so that no future Government can let it wither on the vine?

Helen Goodman: That might be difficult because of the volatility of the price of fuel. My hon. Friend will realise that in deciding on the level of the cold weather payments and the winter fuel allowance the general level of fuel prices is one of the factors taken into account.

T9. [293529] **Mr. Henry Bellingham** (North-West Norfolk) (Con): Further to the question from my hon. Friend the Member for Gravesham (Mr. Holloway), can the Minister of State tell me how many 18 to 24-year-old NEETs there were in the country last year, and how many east European migrant workers were here during the same period?

Mr. Speaker: Order. I think that one question and one answer will suffice.

Jim Knight: I will write to the hon. Gentleman.

Greg Mulholland (Leeds, North-West) (LD): I asked the same question to Sir Leigh Lewis 14 times and the Secretary of State six times in the Select Committee last week. I unfortunately got the same non-answer that the hon. Member for Scarborough and Whitby (Mr. Goodwill) got today, although it did indicate that the Government are looking at two thirds of the child poverty target next year. Is there any Minister who will admit what we all know—that the Government will not hit their 2010 child poverty target?

Yvette Cooper: As we have made clear, we set the 2010 target and we continue to make progress towards it. We have measures in place, which are being introduced at the moment, that will reduce child poverty by a further 500,000. It is right that we continue to make progress and work towards the target, because too many of our children are still living in poverty and we want to bring those numbers down.

Angela Watkinson (Upminster) (Con): What contribution should be made by grandparents to the maintenance of children where the absentee father is under age?

Helen Goodman: The hon. Lady knows that the legal maintenance obligations are on the non-resident parent. What she is suggesting is an extremely radical departure and not one that we intend to take.

Children's Commissioner

3.30 pm

Michael Gove (Surrey Heath) (Con) *(Urgent Question)*: To ask the Secretary of State for Children, Schools and Families if he will make a statement on the appointment of the next Children's Commissioner.

The Secretary of State for Children, Schools and Families (Ed Balls): We established the post of Children's Commissioner to be a fearless and independent advocate for children and young people. Following a rigorous Nolan selection process, the independent selection panel recommended Dr. Maggie Atkinson to me as clearly the most outstanding candidate to succeed Sir Al Aynsley-Green when he steps down in March next year. I accepted the panel's recommendation and wrote to the Chairman of the Select Committee on Children, Schools and Families on 6 October informing the Committee that I had nominated Maggie Atkinson for the post.

That nomination has been widely welcomed.

"Maggie is an excellent choice and will fearlessly and independently promote the interests of children in England"—

not my words, but those of Martin Narey, the chief executive of Barnardo's, Sir Paul Ennals, the chief executive of the National Children's Bureau and a member of the independent selection panel, has said:

"Everyone who knows Maggie knows of her robustness, her independence of mind, and her strength of character. The children and young people judged her to be the best candidate for the post, and the interview panel were unanimous in their recommendation."

The Committee held a pre-appointment hearing with Dr. Atkinson last Monday. I received a copy of its report on Friday, which I studied over the weekend, and have set out my response in a detailed letter to the Chairman. The Cabinet Office guidance on pre-appointment hearings states that Ministers will consider any relevant considerations before deciding whether to proceed with the appointment—for example, any new, relevant facts about the candidate's suitability for the post, such as an undisclosed conflict of interest. The guidance also says:

"there may also be occasions where a candidate's performance in front of the Select Committee is considered relevant to the post in question—although this should be exceptional."

At the hearing, Dr. Atkinson gave, in my view, robust and intelligent answers to the questions put to her. In its report to me, the Committee says that it was satisfied that Dr. Atkinson demonstrated

"a high degree of professional competence".

However, the Committee raised three specific concerns. The report questions whether Dr. Atkinson will do enough to assert the independence that the role of Children's Commissioner requires. In her evidence to the Committee, Dr. Atkinson said that she would be unafraid to "speak truth to power," and Sir Paul Ennals has said that she was

"the most fiercely independent of all the candidates."

The report also questions whether Dr. Atkinson will challenge the status quo on children's behalf and stretch the remit of the post, in particular by championing children's rights. Dr. Atkinson told the Committee last Monday that she would be vociferous in speaking up for the most vulnerable children, such as children in young offenders institutions. Anne Longfield, the chief executive of 4Children, has said that Dr. Atkinson

"is renowned for her forthright, straight-talking approach which challenges us all to put the needs of children first. As such she will be a strong defender of children's rights in England against all comers."

It is my duty to appoint the best person for the job, and this should not be about politics, partisanship or personality. The judgment that I had to make was whether any new information in the Committee's report should cause me to alter my nomination and—let us be clear—overturn the independent selection panel's unanimous recommendation, a decision that would have been hugely unpopular with children's organisations across the country. My conclusion having studied that report—it is set out in detail in my letter—is that the independent selection panel is right. The person best qualified to be the strong, effective and independent voice for children and young people in our country is Dr. Maggie Atkinson. On this basis, I have confirmed her appointment as the next Children's Commissioner, and I commend this statement to the House.

Michael Gove: In his very first statement, the Prime Minister pledged that major public appointments would be subject to scrutiny by this House. He argued that the Executive had too much power and Parliament too little. Why is the Secretary of State now rowing back from that principle? Why is he overruling the unanimous view of a Labour Committee with a Labour majority and a Labour Chairman? The Secretary of State clearly wants to push one particular agenda. It is the Committee's job to provide independent scrutiny. Why exactly is this Secretary of State a better judge than a Committee of this House of who should be an independent scrutineer of the Government?

The Secretary of State has already appointed Dr. Maggie Atkinson to do his bidding in three patronage roles—as chair of a national expert group, as chair of a multi-agency steering and reference board and as chair of a new national work force partnership. In each of those roles, she has consistently supported Government policy in Department for Children, Schools and Families press releases. She has never been in the lead of any critique of Government policy. What evidence is there that she is not just another Labour establishment choice? May I ask the Secretary of State whether Ms Atkinson has ever been a member of any political party? Is it true that every time she has been appointed to a post in local government, the local authority was not Conservative controlled at the time?

The Chairman of the Select Committee has identified a pattern of behaviour from the Secretary of State. The Secretary of State has got rid of those who disagree with him, such as Lord Adonis, Cyril Taylor, Bruce Liddington, Ken Boston and Ralph Tabberer, while appointing individuals who are either pliant or conformist. Does he believe that that bolsters confidence in how he discharges his responsibilities? Does he think that it reinforces confidence in his belief in scrutiny when, instead of choosing to defend his decision in this place, his first instinct was to justify himself in a letter briefed out at 10.30 last night? What reassurances can he now give us that when it comes to public appointments and the running of his Department, there is no longer something of the night about the way in which he operates?

Ed Balls: The responsibility for this appointment is the Secretary of State's under the Children Act 2004, which established this post. I fully support the process of pre-appointment hearing and I have explained to the House the basis on which I reached my decision under the 2004 Act. The reason why I set out the issues in detail in my letter to the hon. Gentleman at 10.30 last night was that the Committee itself chose to publish its report at midnight last night, and I followed its lead.

On this particular point, it is a bit rich for me to be answering these questions from the hon. Gentleman, whose spokespeople have failed more than once in recent weeks, including last week, even to confirm that the Conservative party would keep the position of Children's Commissioner at all, let alone appoint an independent person to that position. I do not mind what the hon. Gentleman says about me. I do not mind what hon. Gentlemen in this House, and even some of my hon. Friends, say about me—that is politics. But I do mind the integrity and standing of an independent and highly respected person—Dr. Maggie Atkinson—being impugned in this way, especially when she cannot be here to answer for herself.

I have at no time sought to play party politics with this decision. Nor have I at any time used this process to try to undermine the standing of the Children's Commissioner in the way that is happening today in this House. I have accepted the unanimous recommendation from an independent selection process, which said that Dr. Atkinson would be the best champion for children and young people in our country—that is why I made my decision. I have to say that Dr. Atkinson will be no patsy at all.

Mr. David Laws (Yeovil) (LD): As the Secretary of State knows very well, there is no one in this place—and there was no one on the Select Committee—who sought to doubt that Maggie Atkinson was a highly qualified, highly competent public servant. The question was whether she had the skills, the independence and the championing abilities to act in this particular role. Will the Secretary of State confirm that the advert for this job asked for someone who would be a "campaigner for children"? Will he also confirm that, when Mrs. Atkinson was asked by the Select Committee whether that was how she saw the job, she said, "I am not sure that the Children's Commissioner is a campaigning role. It is a drawing to attention role".

Speaking as a member of a party that accepts the role of Children's Commissioner and wants someone to act in that capacity, may I ask whether the Secretary of State accepts that there are already concerns that the English children's spokesman is already one of the weakest in the whole of the United Kingdom, and probably in the whole of the European Union? Does he also agree that there is a concern about whether this individual is already able to do their job effectively? Concerns have now been raised about the Secretary of State appointing a person who is a very effective public servant but who does not even see herself doing the job that was set down in the advertisement for the role.

Will the Secretary of State confirm that the other departmental bodies that require these pre-confirmation hearings are also those that are expected to have a large element of independence from his Department, including Ofqual and the schools inspectorate, as well as the Children's Commissioner's post itself? Does he accept that what those jobs have in common is that they need people in the top posts who will be ferocious watchdogs with no fear and with some inclination to be willing to bite, including those in his Department? Are we not in danger of getting instead a series of tame poodles to do the Secretary of State's bidding, rather than the independent job that they are supposed to be doing? In future, is not the only answer for the Secretary of State and his colleagues either to accept the reservations of the Select Committees, or to withdraw from the role of choosing these individuals who have a key job in scrutinising the Department's policies?

Ed Balls: No, it is my job to consider very carefully the Select Committee's view—and I did—and to make the right decision in the public interest. That is what I have done. The hon. Gentleman raises legitimate questions about the powers for the Children's Commissioner in the 2004 Act, and the nature of the standing of that person and whether they should be appointed by Parliament or by the Government. However, those are issues for the Act; they were not issues for this particular selection process.

In terms of the selection process itself, it was done independently and rigorously, and any question about who was suitable for the job was addressed by the independent process. The conclusion was that Maggie Atkinson was by far the best person for the job, out of all the people who applied. It is true that the Committee Chair asked Dr. Atkinson whether she had had direct public relations experience. She said that she had never been a PR executive, but she had been heavily engaged in advocacy and in making a case, not only in leading a children's service in Gateshead but in representing them all across the country during the Haringey period. To be honest, any of us who know her know that that is why she has been appointed to this post. That is why Barnardo's said that it was "astonished" by the Select Committee report, the Children's Society said that it was "disappointed", and Anne Longfield said that it was "unfortunate". The Association of Directors of Children's Services also said that it was "astonished". That was the reaction.

On campaigning, Maggie Atkinson told the Committee that this was "an influencing role, and a drawing to attention role, but to me the word 'campaigning' smacks of active politics. This is not a political appointment. Rather, this is not a political post." She went on to say, "This role is not an inspector nor a political drum-beater. It is the holder of a very sharp light which is illuminated by the words and the wishes of children and young people and is shone on policy makers. It will seek out areas on which that light needs to shine. That is really important. It is not campaigning in a political sense, but the office of the Children's Commissioner has the right and duty to say to those making policies"—this, that and the other. I will not go through the long quote. The important point is that she absolutely accepts the independent, strong advocacy role. To say that she is a tame poodle is unworthy of the hon. Gentleman, and unworthy of those who make those comments.

Everyone who knows Maggie Atkinson knows that she is the strongest, most fearless, most independent advocate. That is why she has been appointed, unanimously and independently. Those who do not want to abolish the Children's Commissioner should start to support this post, rather than seeking to undermine it.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): Does my right hon. Friend agree that the Select Committee conducted due process in this case in the best possible way? We were, across the parties, reluctant to make the decision and recommendation that we did, because we were impressed by many of the qualities of the lady who was being interviewed for us, but we did not know her and had no in-depth knowledge of her, as the Secretary of State obviously has. We nevertheless made our judgment on the basis of the interview of more than hour in front of the Select Committee. Is my right hon. Friend aware that the letter he sent to me today suggests that there will never be a case where a Select Committee can make any recommendation that any Secretary of State would accept?

Ed Balls: I do not understand that final comment at all, as the guidance is very clear and it is my duty to take account of the Committee's views, which I have done with great care and consideration. I have to say to my hon. Friend that the idea that he or other members of the Select Committee did not know of the director of children's services in Gateshead, who had represented directors of children's services over the previous 12 months, including during the baby Peter case in Haringey—and did not know of her capabilities, her strength and her independence—is baffling to me. I read the paragraphs in the report that referred to the Committee's concerns, and I considered them very carefully indeed. I found no relevant considerations that would lead me to reverse the independent Nolan process, and the choice that I made is widely supported across the country. On that basis, while I took the process very seriously indeed, I did not agree with the Select Committee. I am the one accountable for the post. I made the right decision in the public interest and I stand by it absolutely.

Mr. Michael Fallon (Sevenoaks) (Con): Does the right hon. Gentleman accept that he has form here, as he was the chief adviser to the then Chancellor when they both brushed aside the Treasury Committee's rejection of the appointment of Christopher Allsopp to the Monetary Policy Committee within hours of the recommendation being made? What is the point of having pre-appointment hearings if Government Ministers are going to ignore them completely?

Ed Balls: It is very important that these things are considered very carefully by the Government in a non-political, non-partisan and non-personal way. It is also very important to approach these issues in a non-partisan and non-political way. My experience of the Treasury Committee suggests that that was always how it approached these matters, so we took its recommendations very seriously. I have to say, however, that Mr. Allsopp turned out to be an excellent member of the Monetary Policy Committee and a great advocate for growth and jobs in our country. I suspect that, in retrospect, the hon. Gentleman probably agrees with me that we were right not to go with the Treasury Committee's recommendation on that day. As I have said, Mr. Allsopp turned out to be an excellent member of the MPC, but we took the hon. Gentleman's views very seriously indeed.

Lynda Waltho (Stourbridge) (Lab): I must correct the hon. Member for Surrey Heath (Michael Gove), who speaks for the Opposition on this particular policy. On Wednesday, there was no working majority of Labour Committee members able to participate and neither was there a vote, so how the hon. Gentleman can say that this was the unanimous decision of the Committee fails me. However, will my right hon. Friend reassure me that he can rise above the macho posturing, albeit that it comes from the unlikely source of the hon. Member for Surrey Heath, and concentrate on what is important—what we who champion the rights of children are concerned about, which is to appoint an effective Children's Commissioner who will do the right thing for our children? That person is Maggie Atkinson.

Ed Balls: The transcript shows very clearly that my hon. Friend's judgment about the suitability of Maggie Atkinson for this post is the right one. I do not know the details of the proceedings and subsequent votes of the Select Committee, and it would be wrong for me to reveal conversations that took place in corridors. I looked in detail at the report, and I have no idea who on the Committee supported or did not support this appointment. As my hon. Friend has said, the matter was never put to the vote. I have considered the matter very carefully, and I have to put the public interest first. I decided that this was not about personality and politics, which is why I made the decision that I did.

Mr. John Redwood (Wokingham) (Con): Will the Secretary of State remind the House how many members of the so-called independent panel came from other Government Departments and quangos? Why does he think that it was more independent than a Select Committee of this House?

Ed Balls: The point is that we have the Nolan process, which was set up on the recommendation of Lord Nolan before 1997 and which operates in the normal way. There were 40 candidates, and they went through that normal process. There was one independent member of the panel, Sir Paul Ennals, who said that Maggie Atkinson was the most fiercely independent of all the candidates. I understand that there was also—as is completely normal—a civil servant from my Department and a civil servant from another Department in Whitehall. *[Interruption.]* If the Conservatives do not support the Nolan process as well as not supporting the Children's Commissioner, they ought to come clean rather than playing these games.

The fact is that we supported the Nolan process, and Maggie Atkinson was unanimously judged to be the best candidate for the job. Did I reject her? Did I go for person No. 2 or No. 3 on the list? Did I decide not to go for the most fiercely independent person? No, I did not; I did the right thing, which was to choose the strongest advocate for children and young people. That is what the Children's Commissioner is all about, and that is why the Conservative party is so fearful of the role.

Liz Blackman (Erewash) (Lab): As a former teacher and, indeed, a former parliamentary private secretary at the Department, I can tell my right hon. Friend that in my opinion his Department has placed the most relentless focus on raising standards for children and young people that I have ever observed. Along the way, he has made tough decisions without flinching. This is one of them; it is the correct one, and it will hugely benefit children in this country.

Ed Balls: I am grateful to my hon. Friend, but I have to tell her that the evidence for the rightness of the decision is not my words or even the words of those involved in the independent selection process. It is the words of Barnardo's, 4Children, the National Children's Bureau, the Association of Directors of Children's Services and all the other organisations—including the children's and young people's panel itself—which concluded, independently of me, that Maggie Atkinson was the best person to do the job. That is why, whatever the politics, the right thing to do is the right thing, and that is what I am doing.

Mr. Rob Wilson (Reading, East) (Con): The Secretary of State said that he had read the views of the Labour-dominated Select Committee on this matter. Has he also read the excellent Select Committee report on bullying? If so, can he tell the House what he has learned from it?

Ed Balls: As I have said, I am not going to go into the details of who was and was not on the Committee, who had the majority, and who led what charge. I think that that would be unworthy of the House and unworthy of the Committee, and I am not going to descend to those levels.

As for the question that the hon. Gentleman has raised, we have been very strong advocates of the stamping out of that kind of behaviour in all our schools in the country. However, this is not about personality, it is not about politics, and it is not about Labour-dominated Committees. I think that the hon. Gentleman should raise his sights, raise his game and understand the public interest in these matters.

Mr. Denis MacShane (Rotherham) (Lab): My right hon. Friend is right to reject the synthetic anger on the Opposition Benches, particularly after last week's statement of policy about putting politicians in charge of a whole range of appointments to stuff public bodies with political placemen. May I gently say to him, however, that while everyone respects his probity and sincerity in this matter, we are trying to bring Parliament back to life? If every time a parliamentary Committee makes a recommendation it is simply brushed aside, I am afraid that the idea that Parliament exists to work for the public will lessen in people's minds rather than increasing.

Ed Balls: I completely understand the point that my right hon. Friend has made. That is why we must all be responsible in the way in which we approach the issue of pre-appointment hearings. This is not the first time that there has been such a hearing—there have been many before, all of which have asked tough questions—but this is the first time that a Select Committee has failed to endorse a candidate and has published its report at midnight.

The question for me was whether I should respond in a thorough way at that time, or whether I should stand back and allow an independent, highly respected figure to be impugned. I decided that the right thing to do was study the details of the report, then make my response, and that is what I did. Unfortunately, the impugning has continued from the Conservative party. That, I am afraid, is what happens when issues of public interest are reduced to party politics.

Paul Holmes (Chesterfield) (LD): I regret very much the way in which, in his opening comments, the Secretary of State tried to suggest that this was all about the Opposition having a go at the Government, and the way in which the hon. Member for Surrey Heath (Michael Gove) tried to suggest that it was all about a Labour Government possibly appointing someone who might or might not be a Labour sympathiser. The Committee that sat on Wednesday morning consisted of four Labour members, two Liberal Democrat members and two Conservatives. There was no vote, because it was quite clear what the majority of the Committee felt, and that is in the recommendations. What is the point of pre-appointment hearings if the candidate is told that he or she has got the job before the hearing, and the Secretary of State simply ignores everything that the Select Committee says?

Ed Balls: As I have said, I am not going to go into the details of conversations in corridors or of how the Committee operated on that day—that is a matter for the Committee rather than for me. The hon. Gentleman raises a wider issue of importance, however. I was operating in accordance with the guidance, which had been discussed with Select Committee Chairs. I had to make a decision, and I did so on the basis of the Nolan process. I nominated my candidate, who was then to appear before the Select Committee for questioning. It is made very clear in the guidance that only in the most exceptional cases would the Committee not endorse the candidate, but it is also right to have proper scrutiny. It will be for others to judge, on the basis of the Committee report, the transcript and my report, whether this was an exceptional case. I have to say that that was not the view that I reached on the basis of my reading, and the fact that Maggie Atkinson is so widely supported by children's organisations around the country for her independence, strength and integrity leads me to believe that for me to have rejected the Nolan independent process, and the unanimous proposal from that process in respect of this job, would have been the wrong thing to do, but—

Mr. Speaker: Order. May I just say to the Secretary of State that we must make progress?

Mr. David Clelland (Tyne Bridge) (Lab): Gateshead council has a proud history of appointing good officers. Indeed, over the years many of its officers have advised Governments. In fact, it was a Gateshead housing officer who advised a previous Conservative Government on the sale of council houses, so the idea that Gateshead officers are tied to a particular political party is nonsense. I know Maggie Atkinson—of course, I know a lot of people but that does not necessarily mean they are good candidates for the position we are discussing. I know about the work that she has done in Gateshead, and I know about the educational achievements and health improvements among children that we have had in Gateshead under her leadership. I know of her firm interest in the interests and rights of children, and I know that she is a strong character who believes in what she is doing. The idea that she would be bullied by anyone, let alone the Secretary of State, is nonsense.

Ed Balls: I am trying to make progress today, Mr. Speaker, for children and young people. I fully accept the points about the lady's track record in Gateshead. In answer to

the question from the Opposition Benches about her party political affiliation or past post or roles, I must say that the whole point of the Nolan process is to take the politics out of this and to have an independent process. Therefore, it is not for me to start making political judgments at the end of the process. I accepted the unanimous recommendation at the end of this process. That was the right thing to do, and I would have thought that it would be a good idea to keep to Nolan processes rather than to believe that, or to brief newspapers that, the point of being in power is to put our place-people into positions. That is not the right way to go, even if that is what the Opposition want to do.

Defence Acquisition (Independent Review)

3.57 pm

The Secretary of State for Defence (Mr. Bob Ainsworth): In December 2008, my predecessor asked Bernard Gray to undertake a review to identify improvements that we could make in the acquisition of defence equipment. On Thursday, I published Mr. Gray's report and placed a copy in the Library of the House in advance of our defence policy debate. I said then, and I repeat now, that I apologise that Members did not have longer to read and digest a report that is both lengthy and complex, and I therefore welcome the opportunity that you have provided today, Mr. Speaker, for a further discussion to take place on its contents. Indeed, I suspect that today will not mark the end of the conversation.

Mr. Gray's recommendations are far-reaching. We accept most of them and work is in hand, as part of a wider defence acquisition reform strategy, to implement the changes we agree are needed. Mr. Gray's report has got the debate well and truly started, which I warmly welcome. This is an important subject, which we very much wanted to surface. That is why we commissioned the report in the first place. I am very grateful to Bernard Gray for the effort he has devoted to this, the analysis he has produced, and his support in developing with the Department proposals to implement many of the recommendations.

This is not a new issue. As Bernard Gray's report highlights, all countries with significant defence capabilities face the same inherent complexities of military acquisition and have, over many decades, had to deal with cost and time overruns. Indeed, as the report says, many of our allies are complimentary about the UK's efforts to drive reform in this area and model their systems on ours. In the past 12 years, we have implemented a succession of initiatives to improve acquisition processes, including smart acquisition, the defence industrial strategy and, more recently, the defence acquisition change programme. These have had a significant impact on performance, as the National Audit Office has recognised in successive reports. At its best, the Ministry of Defence's project management is very good indeed. As the report observes, there are dedicated people at all levels in the MOD and among our suppliers, with a strong commitment to ensuring that the services have the equipment they need to deliver success on current operations and in the future.

The system works best when the need is most urgent. We have successfully provided £4.1 billion-worth of equipment to theatre in Iraq and Afghanistan through the urgent operational requirements system since those operations began. Our people, military and civilian, can be proud of that achievement, and the service chiefs have made it clear that our service personnel are never asked to undertake missions unless they are fully satisfied that they have the right equipment to do the job.

However, the Gray report also brings out, through analysis of a sample of individual projects, the problems that still persist. These include not only the tendency for programmes to cost more and to take longer to deliver than was initially estimated, but the further cost growth to which this gives rise and the pressure it places on limited resources—even in a period when the defence budget as a whole has grown substantially in real terms.

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It points to remaining skills gaps and to shortcomings in the existing arrangements for managing the equipment programme, and it argues for regular defence reviews to provide a strategic context for decisions on the equipment programme.

To some extent, the difficulties we and others face in estimating the cost and time to deliver projects reflect the fact that much modern defence equipment is at the leading edge of technology and is constantly having to adapt to meet evolving military requirements. Providing our armed forces with the best involves a degree of technical risk and uncertainty, but there are steps we can and must take in the light of the Gray report to build on earlier reform and to deliver a radical improvement in performance.

First, I have already announced that we will undertake a strategic defence review immediately after the general election. Preparatory work is already under way, and I intend to publish a Green Paper early in the new year. We will also examine legislative frameworks for implementing Bernard Gray's recommendation that a strategic defence review be conducted early in each new Parliament.

Secondly, we will work to adjust our equipment programme to bring it into balance with future requirements and the likely availability of resources through the current planning round and, in due course, the strategic defence review. Thirdly, we will plan equipment expenditure to a longer time frame, with a 10-year indicative planning horizon for equipment spending agreed with the Treasury; and we will increase transparency by publishing that planning horizon and an annual assessment of the affordability of our programme.

Fourthly, we have already strengthened board-level governance within the MOD by establishing a new sub-committee of the defence board, as recommended by Mr. Gray. It is chaired by the permanent secretary as accounting officer and charged with determining, for agreement by the board and Ministers, an equipment plan that is aligned with strategy and is affordable and realistic.

Fifthly, we will improve the way we cost projects in the equipment plan, using better and more sophisticated techniques applied more consistently, and ensuring that investment decisions are based on the most reliable available forecasts. We will also improve the management of risk across the programme. Sixthly, we will introduce stronger controls over the entry of new projects into the equipment programme, and over changes in performance, cost and timing of individual projects.

Seventhly, we will sharpen the business relationship between the Ministry of Defence head office and the Defence Equipment and Support organisation, and the service commands, by further clarifying roles and responsibilities, and by establishing new arrangements to provide greater visibility of project management and costs in the DE&S to the capability sponsor in head office. Finally, we will accelerate the improvement of key skills, including in cost forecasting and programme management, in the DE&S and the Ministry of Defence head office.

All those changes are consistent with Bernard Gray's main recommendations. I do not intend to take up his suggestion to establish the DE&S as a Government-owned, contractor-operated entity, and to put it more at arm's length from the rest of the Ministry of Defence. The Government have thought about this carefully, but we are not convinced that such a change would ultimately lead to better outcomes for the armed forces or for defence generally. Having the DE&S as fully part of defence ensures a close working relationship with the military.

Equipment acquisition is core business for the Department, and we have to get it right. Based on these proposals, I intend to publish a wider, more detailed strategy for acquisition reform in the new year, to contribute to the work of the strategic defence review. I am delighted that Bernard Gray has agreed to work with us on this, and we look forward to pressing ahead and to making the changes that are needed.

Dr. Liam Fox (Woodspring) (Con): I am grateful to the Secretary of State for his statement and for early sight of it. The handling of this report reflects much of the content of the report itself, in that there has been unnecessary delay, incompetence and an attempt to avoid responsibility. We could have had this report months ago. We could have given it time and thought over the summer recess. What did we get instead? Its publication barely an hour before the defence debate last week, with some poor excuses about how it had to be reviewed. Media management was about the only management skill that new Labour ever had, but now even that seems to have deserted it.

I, too, wish to thank Bernard Gray and his team for their hard work and for a job well done with this very substantial piece of work. To the credit of the Ministry of Defence, it is widely understood that it wanted to publish the report earlier, but No. 10 blocked that—we can see why it was blocked. It is because when he was Chancellor of the Exchequer, the current Prime Minister took little interest in defence, and we are now paying the price.

It is now clear that the Government have increasingly announced, and started, procurement programmes without ever considering whether any money would ever be made available. Children write letters to Santa Claus with comparable understanding between desirability and affordability. The procurement programme under Labour is becoming a wish list. The Secretary of State's statement today was a poor, undetailed and superficial response to this complex report. Perhaps the Government will hold a proper debate in Government time to give the whole House more time to discuss it.

Having read the report, I do not think I have ever seen such a damning set of indictments: average time overruns are five years; average cost overruns are 40 per cent. more than the original cost; the total overrun is £35 billion, when we only have a defence budget of £37 billion and an equipment budget of £16 billion. In fact, expected cost overruns in the next 10 years alone amount to £16 billion, which is roughly £4.4 million per day of unfunded liability. Those sums are so large, and the report is so damning, that the shock value has almost diminished. In the words of Bernard Gray, the equipment programme

"is unaffordable on any likely projection of future budgets."

We have too many types of equipment being ordered. There is a too large a range of tasks being covered by equipment. Equipment is being procured at too high a

specification and with a built-in, sometimes purposeful, underestimation of likely cost. For example, the two-year delay to the future carriers—done on grounds that we can most charitably call utterly spurious by the unpaid Minister for procurement—will add £1 billion to the cost of the project, so to maintain the political fantasy that they are procuring the greatest amount of equipment in recent history, they stick £1 billion on to the taxpayers' bill for the future and cut funding elsewhere, such as through the brutal cuts to the Territorial Army. How perfectly consistent for a Government under whom the interest on our national debt next year will be greater than the defence budget.

The fact that we have not had a strategic defence review in almost 12 years is a big part of the problem, but the problem also lies in the fact that the Prime Minister, as Chancellor, was never willing fully to fund Tony Blair's wars. The consequence of both is that defence planning is not conducted in tandem with costings—perhaps the most devastating indictment of all. Again, in the words of Bernard Gray:

"In corporate life, no enterprise should persist with a 12 year old strategy without at least re-evaluating it fully on a regular basis. Few who would expect to prosper would even try to do so."

Yet what is the Government's response? First, to play catch-up with the Opposition. After 12 years we will get a Green Paper, perhaps eight weeks before Dissolution. What do they expect—gratitude that after 12 years the penny has finally dropped? We are to have regular defence reviews, too; the Opposition have proposed that for two years. And 10-year capital allocations; we proposed that, too.

When will the Secretary of State introduce his 10-year equipment budget plan? Will it be before the election, so that we can see it? He refers to improving the way the MOD costs projects using better and more sophisticated techniques. Can he tell us what he means? What practical measures will he take now to accelerate the improvement of key skills, including in cost forecasting and programme management, in the DE&S and the MOD head office?

The procurement process is broken and needs fundamental recasting. Many of its structures are upside down with cost control at the end and not the beginning. What does arm's length mean for DE&S and why are the Government ruling out the Government-owned contractor-operated option? Given the importance attached by Mr. Gray to research and development, why has the Secretary of State cut a further arbitrary £100 million from the defence research budget? Surely that one action stands in complete defiance of the core Gray analysis.

The Secretary of State tried the old cop-out that these problems have occurred for many decades. Of course, after the Government have been in office for 12 years, the problems are not really their fault at all. However, the report clearly points out that not only has it been quantitatively worse under this Government but that problems are growing—and at an accelerating rate.

The Secretary of State is right about perhaps just one thing—yes, there are skilled and dedicated people working in his Department in procurement. Some of them are my constituents. However, they are stuck in a Department where there have been four Secretaries of State in four years. No one is driving—no one is in control—yet the country is at war. What more damning conclusions could there be in any report to any Government?

Mr. Ainsworth: The hon. Gentleman is quite wrong on the issue of the report's handling. He cannot have his cake and eat it. I am not suggesting that the time was adequate, and I apologise to him and to the House for the fact that it was not, although it should have been, but he had the report for a lot more than an hour—

Dr. Fox: An hour and a half.

Mr. Ainsworth: He had the report for two hours—*[Interruption.]* I am not saying that that is long enough, so he does not need to gild the lily. He had the report for long enough for the Chairman of the Select Committee, his right hon. Friend the Member for North-East Hampshire (Mr. Arbuthnot), to be able to say that there were changes to the report from the version that we had seen earlier, which was leaked to a newspaper. The hon. Gentleman cannot have it both ways. Either the report was finished months ago and it should have been available to the House months ago, or changes were made, but he cannot have it both ways. The draft that was available in the summer was a draft and we have continued to work with Bernard Gray. The hon. Gentleman would have been the first to complain if I had put this report out during the recess, having missed the opportunity to put it out because we had not finished the work in the summer. I sought to put it in the public domain at the first opportunity after the House had returned.

The hon. Gentleman referred to the defence procurement programme as a Santa's wish list, but why on earth does he not tell us what he thinks ought not to be in there? He is reluctant to tell us—

Dr. Fox: It is not about us—it is about your stewardship.

Mr. Ainsworth: Absolutely, but I am trying to cast a little light in his direction and to try to get a little bit of clarity. Again, he cannot have it both ways. If it is a Santa's wish list of unaffordable projects, he ought to be prepared to say what he thinks ought not to be in there if he wants to have any credit for the criticism that he is throwing at us.

The hon. Gentleman tries to suggest that this is a damning report that says that the system is broken. Bernard Gray says the quite reverse. He says in terms that

"this report dwells on areas where there are problems, not with the intention of saying that everything is broken or that the system as a whole is bad".

That is a direct quote from the Gray report. On the issue of whether the Department is as good as others, I am not going to try to say that the problems have been going on for decades, although I am certain that they have. What the report says, again in terms, is that all nations with advanced defence capabilities, and therefore acquisition processes, suffer from exactly the same difficulties. We know more than many countries, and indeed other countries look to our process as a beacon showing the way to reform.

On the details of taking the programme forward, that is exactly what Lord Drayson is doing, and we will report in the new year to put flesh on the bones and explain exactly how we are going to take forward acquisition reform. The hon. Gentleman talked about the carrier, and he claimed that there was no good reason for a delay to the reprofiling of the carrier programme, but he knows that it was delayed to make way for a higher priority requirement—the Lynx Mk 9 helicopter, which

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is needed for current operations. These things will always happen. As things develop, and as military priorities emerge, from time to time, despite the fact that there is a cost involved—and I do not deny that there is a cost involved, which is why we commissioned the report—it makes sense to reprioritise, because other priorities become more important at a particular time.

Nick Harvey (North Devon) (LD): Listening to the silken prose of the Secretary of State as he read his statement, one could barely believe that what he was describing was the report that we have all seen, and that stands as a damning indictment of procurement processes. One would hardly recognise it. I congratulate his wordsmiths—I think that he has secured better value for money on that budget than he has on procurement.

What the report actually tells us about is a gaping £35 billion black hole; too many types of equipment being ordered for too large a range of tasks at too high a specification; average overruns of five years or 40 per cent. financially; and frictional costs to the Department of £1 billion to £2 billion a year. The Secretary of State may not have chosen to say that the problems go back for decades, but I will do so, because some of the things that are coming on stream now were signed off decades ago—in one instance, by John Nott, when he was Defence Secretary. I do not think that the present generation of Ministers are, in all fairness, to blame for all this. In fact, on urgent operational requirement procurements, some ministerial decisions in the past couple of years were brave and commendable.

We need a radical shake-up, and some of the solutions that we have heard in this statement sound altogether far too familiar, which is more than can be said of the explanation from the Secretary of State about the justification for delaying the carrier programme, as it bears absolutely no resemblance to what we were told at the time. I thought that the logic that was squeezed out at the time was to get the programme to dovetail with the availability of the joint strike fighter, and certainly nothing to do with helicopters.

If we are talking about a "Santa's wish list" model of procurement, not only must Ministers get on top of procurement, but so must the defence chiefs, because sometimes their unrealistic expectations of procurement cause the pursuit of something absolutely perfect to get in the way of the achievement of something that would really be very good. The armed forces themselves must be more realistic about their expectations in future.

In today's statement from the Secretary of State, there are references to transparency. If those can become a reality, that will be very welcome and not a moment too soon. One of the impediments to proper scrutiny of procurement processes in recent years has been the extraordinary extent to which those processes are opaque by comparison with anything that goes on in other countries. What is the time frame for the implementation of the changes that he spoke about today? I hope they will not all be put off to a strategic defence review. I understand that that is imperative, but how many of these changes can we look forward to in the forthcoming Green Paper?

Mr. Ainsworth: The hon. Gentleman castigates us, but fails to mention the fact that we commissioned the report in the first place. We did that knowing that it would not be a glowing exposition of a Department that got everything right. The reason for the report was that it was needed. I wonder whether any Liberal Democrat Government whom the country might ever have imposed upon it would dare to commission such a report.

The hon. Gentleman says that a £35 billion hole in the budget is exposed by the report. That is not true. That is not what the report says. From an extrapolation from some projects, the point being made is that there is the potential for a £35 billion growth from the original estimation to the final delivery, which is why forecasting is an absolute skill that needs to be upgraded within the Department. It is an extrapolation from a few samples and it does not try to say that there is such a gap in the budget. I think the hon. Gentleman has read that wrong.

However, I agree—the hon. Gentleman is right, and it is an issue that we have to grapple with—that in this area the best often becomes the enemy of the good. That is a major problem that we ought to tackle. It is far better dealt with in the urgent operational requirement process. Bernard Gray says that, although he did not look into the UOR process in any detail. Where there is urgency, for current operations, we get a better balance between what is needed, timeliness, and what is good enough to do the job that is badly needed by our armed forces.

On time scale, we will look to publish something in line with the Green Paper in January that brings forward a number of acquisition reform issues. We have not yet bottomed out a legislative process for dealing with the recommendation that a strategic defence review should be scheduled for the start of every Parliament. I should not have thought that that was beyond the wit of man. Working together, I think we could achieve it. We certainly could if there were cross-party agreement to do so.

Several hon. Members *rose—*

Mr. Speaker: Order. May I emphasise, as usual, that I would like to accommodate as many right hon. and hon. Members who wish to contribute to these exchanges as possible, but there is important business to follow in the form of a full-length Opposition day debate, so I am looking for single, short supplementary questions and to the Secretary of State for pithy replies?

Frank Dobson (Holborn and St. Pancras) (Lab): I have been in the House for 30 years, and every time defence procurement has been discussed, we have described it as a shambles. Perhaps we ought to grow up and recognise that it is intrinsically very difficult to get defence procurement right and that it is always likely to go fairly wrong, for two or three simple reasons. The military, from experience in the field, ask for changes in the specification; technological change may bring about changes in the specification; and we have to try and buy British, even if the British are not necessarily the best suppliers.

Mr. Speaker: I am grateful. I think that is the question mark.

Mr. Ainsworth: My right hon. Friend says a great deal that is true, but that is not to say that we cannot do better. There is the issue of always trying to get the best, and the issue of responding to changing military

requirements. Those must be balanced with time scale and getting what is good enough into being as quickly, as effectively and as cost effectively as possible.

Mr. James Arbuthnot (North-East Hampshire) (Con): This excellent report sets out a state of affairs that, as the Secretary of State rightly says, is not new, but it may have led to events such as the Nimrod crash of 2 September 2006. When will we see the report on that? Now that Bernard Gray's 10-year rolling budget has apparently become a 10-year indicative planning horizon, we should at least be thankful that the Secretary of State has said that there will be an annual assessment of the programme's affordability, but will it be subjected to an external audit by one of the large accounting firms, as Bernard Gray recommends?

Mr. Ainsworth: An annual and transparent reporting process, coupled with the 10-year indicative budget, is a big step in the right direction. On Nimrod, we are in the hands of Mr. Haddon-Cave QC, who I believe may be giving his report in the near future. However, I have no control over that process or time scale.

Linda Gilroy (Plymouth, Sutton) (Lab/Co-op): Bernard Gray's report is eminently readable, and he should be congratulated on that. In looking at some of the success stories that he finds, such as urgent operational requirements, possibly through-life capability and contracting for capability, I note that he points us in a direction that needs urgent work. I hope that some of the work strands for the Green Paper will draw them out. Can my right hon. Friend confirm that they will?

Mr. Ainsworth: We commissioned the report, knowing that some of the findings would be painful, to try to address those issues, and now that we have it we have no intention of not learning the lessons that it identifies. Of course we will use the Green Paper process as part of bringing forward ideas on how we deal with those issues.

Mr. Crispin Blunt (Reigate) (Con): On the Secretary of State's answer to my right hon. Friend the Member for North-East Hampshire (Mr. Arbuthnot), the Chairman of the Select Committee on Defence, and on the Secretary of State's point when he said that "we will work to adjust our equipment programme to bring it into balance with future requirements and the likely availability of resources," I must say that that is a great step back to the past. We used to do that in the mid-1990s. The long-term costings programme was fought over inside the Department and then reported on annually in the Defence White Paper, when the consequences of the scheme became clear. We would never end up in a situation where we had a £35 billion overrun, so when did we stop doing that second point exactly?

Mr. Ainsworth: We have never stopped having annual planning rounds; we still have them. Let me repeat what I said to the hon. Member for North Devon (Nick Harvey), the Liberal Democrat spokesman: Bernard Gray does not say that there is a £35 billion hole in the defence budget; he talks about the gap between the original estimates and extrapolates that across the whole programme to the final costs.

John Reid (Airdrie and Shotts) (Lab): The issue is not just about changes in military requirements, is it? It is about technological advances, too. The military want the latest and the best. The latest and the best, as the Secretary of State said, is at the leading edge of technology; and the leading edge of technology now changes every 18 months, not 18 years, therefore the military re-specify. May I suggest to the Secretary of State that it is good to distance the procurement process from immediate demands, to ask the military to shape and identify the final product that it wants and then to hand the product over to a contractual basis that is as separate from the Ministry of Defence as it possibly can be?

Mr. Ainsworth: That is Bernard Gray's proposal, and we are not taking it up, but we will explore whether we can put the appropriate distance between the different parts of the organisation, DE&S, the main building and the services themselves, by perhaps establishing a trading fund. That might be the way in which we can achieve the appropriate distance without losing effective control. That idea is being looked at as part of the process, and we will come back to the House.

Mr. Angus MacNeil (Na h-Eileanan an Iar) (SNP): Sadly, service personnel whom I know, and, indeed, their families, will probably not be too surprised by the report's findings. Bernard Gray found that a staggering £2.2 billion a year is spent on managing delays and overruns. When our Territorial Army is suffering training cuts, do not we need an MOD that is focused on our soldiers on the front line?

Mr. Ainsworth: Again, the hon. Gentleman misreads the report. He has had the weekend, but perhaps he wants to take a little longer to look at it. On the TA, as I said the other day, I make no apologies for shifting the focus towards Afghanistan and making absolutely certain that, in every sense, support for Afghanistan is the main effort. Nobody in the TA will lose out on the training that is necessary for deployments to Afghanistan.

Patrick Mercer (Newark) (Con): The Secretary of State has seen this outstanding report, but it addresses merely equipment. Given the number of wounded coming back from Afghanistan, and the appalling nonsense in the training mechanisms to get the troops through the system, when is he going to produce a similar report on the awful state of recruiting, particularly to the combat arms?

Mr. Ainsworth: I have had conversations with the hon. Gentleman in the past, on and off the record, to try to capture his views on what we should be doing on training and recruitment. He knows that in the past year the Army has made huge steps in the right direction as regards recruiting, and I would have thought that he was happy with that. I do not see the same issues applying to recruitment as apply in DE&S. That is why the report was procured in the first place—to try to identify the lessons that we badly need to learn and address.

Willie Rennie (Dunfermline and West Fife) (LD): In the spirit of transparency referred to in the report, will the Secretary of State clear up the reason for the two-year delay to the carriers—was it the Lynx helicopter or the JSF? Can he guarantee that there will be no further delays to the carriers?

Mr. Ainsworth: There were other pressing requirements for current operations that we needed to get into the programme—most significantly, the Lynx Mk 9. I would

[Mr. Bob Ainsworth]

have thought that Members in all corners of the House recognised that we urgently needed that upgrade to our helicopter capability for current operations, which was a greater priority than keeping the then profile of the carrier. Yes, of course there were cost increases in stripping the carrier, but was it the right thing to do? I believe that it was, and that the helicopters were important enough for us to make those adjustments.

Mr. Bernard Jenkin (North Essex) (Con): The Government are to be commended for commissioning this report; the report itself is commendable and the Secretary of State has said nothing unreasonable in response to it. However, I sense a lack of urgency. The report says nothing that the Defence Committee has not been saying for a great many years about the unaffordability of the existing programme, and we need to make decisions now. What are we going to do to prevent a period of paralysis from gripping the Government until a general election?

Mr. Ainsworth: We are examining affordability in the current spending round, and more action will need to be taken as part of the strategic defence review. The defence budget will have to be brought back into balance.

Bob Spink (Castle Point) (Ind): With fast-changing technology and military requirements, there will always be cost and delivery overruns, whatever Government are in control—it is not a political issue but just a matter of fact. We know that the Trident project is already unaffordable; in the light of the Gray report, will the Secretary of State now abandon it?

Mr. Ainsworth: No. Our position was set out in the White Paper of two years ago, and it has not changed. We should not—I say this to the hon. Gentleman with the greatest respect—look at the UK's deterrence policy off the back of short-term financial issues. This is a strategic decision to be taken by the nation, and it should be considered and taken in that light.

Mr. Brian Jenkins (Tamworth) (Lab): I welcome the report, as do many Members. However, having served on the Public Accounts Committee for four years, I remember the projects that were running then and the legacy of overruns in costs and delivery times. Where do we find someone brave or foolish enough to say no to the defence chiefs?

Mr. Ainsworth: Getting the strengthened system of governance in the Department so that projects are not allowed, in any circumstances, to enter the programme without realistic costings, and having the skills in order to make those costings, will bring the appropriate focus at the start of the process instead of halfway down the line, as I am afraid often happens with very long projects. Some of these projects take 20 years to come to fruition. People are focused on the capability improvement at the start of the process; only part-way through it do the costs begin to kick in to the full extent. We have to get that balance right.

Point of Order

4.34 pm

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): On a point of order, Madam Deputy Speaker. I have given Mr. Speaker notice of this point of order, which relates to Wednesday's debate on Equitable Life. Many right hon. and hon. Members, myself included, suffered financial loss as a result of the failure of the Equitable, and therefore we have a pecuniary interest in the outcome of the report on the matter and the Government's considerations. We are going to need some guidance, if Mr. Speaker can give it, as to the propriety of voting on matters in which we have a pecuniary interest, and whether it is possible in some way to register that interest. Otherwise, we will be voting without the public knowing that we have a pecuniary interest, which is intrinsically rather difficult to justify.

Madam Deputy Speaker (Sylvia Heal): I understand that there is in fact long-standing advice on the matter from the Registrar of Members' Financial Interests. If a new point has arisen, perhaps the right hon. and learned Gentleman would write to Mr. Speaker. I suggest that he take his point to the registrar, who will give the necessary advice.

Mr. Hogg: Further to that point of order, Madam Deputy Speaker. I tried some time ago to register with the registrar the fact that I had a pecuniary interest, namely that both my wife and I suffered loss as a result of the failure of the Equitable. I was not able to register it, as it was decided not to be an appropriate subject for registration. I therefore have some difficulty in seeing how Members can declare to the public that we have such pecuniary interests.

Madam Deputy Speaker: In view of the points that the right hon. and learned Gentleman has raised, I will ensure that inquiries are made and that he is informed of the advice given.

Opposition Day

[18TH ALLOTTED DAY]

Economic Recovery and Welfare

Madam Deputy Speaker (Sylvia Heal): I inform the House that Mr. Speaker has selected the amendment in the name of the Prime Minister.

4.36 pm

Mr. Kenneth Clarke (Rushcliffe) (Con): I beg to move,

That this House recognises the jobs crisis facing thousands of households as unemployment continues to rise with nearly 2,000 people a day losing their job; regrets the UK's declining competitiveness; further regrets the Government's failure to roll out effective recession schemes to offer support to the struggling small and medium-sized enterprises sector; calls on the Government to do more to increase UK competitiveness through cancelling their planned increase in the small companies tax rate, reducing corporation tax, and restarting their stalled plans for better regulation; further calls on the Government to tackle unemployment and long-term worklessness by replacing the Flexible New Deal, Pathways to Work and the various other New Deal programmes with a new integrated programme to provide personalised long-term support for people out of work, including those on incapacity benefit, and to make better use of private and voluntary sector welfare-to-work providers by paying them by results.

These are terrible times for British industry of all kinds, and certainly for more than 2.5 million unemployed people in this country. We are coming to the end of probably the worst recession that anyone living can remember, and I certainly hope that a weak and feeble recovery is at least on the point of starting now or during this winter. What we obviously need to do as a country is start straight away to recreate the economic and business conditions that can restore economic growth and employment opportunities to more normal levels, although I am afraid that it may take some years before we are able to do that. I agree with the latest quarterly report of the Bank of England, which foresaw a long and slow recovery ahead of us. I think it will be quite a few years before we get back to what we used to call "trend growth" in the British economy.

Unfortunately, because of political events, we face a winter in which all that is being presided over by a Government of the living dead, as someone once described them. They are a weak Government, who no longer have any particular policies and do not feel able to take any initiatives in any area. The Prime Minister, in particular, is obsessed by the day-to-day management of news handling and the press, and there is very little sign that anybody is determinedly trying to tackle the underlying problems, not least because that would require some startling changes of opinion.

Mr. John Redwood (Wokingham) (Con) *rose—*

Mr. Clarke: I will give way in a moment, but I do not know whether my right hon. Friend read *The Sunday Times* last weekend. I am indebted to it for a short story showing that the Secretary of State for Business, Innovation and Skills is mainly concentrating on the branding of the confused range of schemes that he has produced, using the Government's party political slogans in various publications, which shows where that master of marketing's true priorities lie. At least on that he will be in full agreement with the Prime Minister.

Mr. Redwood: In the economic competitiveness review that I and colleagues produced for the Conservative party, we said we thought the growth rate the Government were achieving was entirely artificial and built on excessive debt, which would have to be corrected. We said that the trend rate of growth was now unfortunately well below 2 per cent. Does my right hon. and learned Friend agree that not only will it take a long time to get back to the old rate, but that we might not do so because of the damage that the Government have done?

Mr. Clarke: I always used 2.5 per cent., but was always tempted to put it up because the combination of our supply side reforms and globalisation in the mid-1990s made me think that 2.75 per cent. might be possible. The Government finally started accepting 2.75 per cent. in the middle of a crazy boom, which they were taking credit for, but they have collapsed from that.

I must say that since my right hon. Friend the Member for Wokingham (Mr. Redwood) carried out his review, I have not sat down and seriously thought what the trend growth is likely to be. He thinks 2 per cent. could be trend for some time. We have certainly destroyed a lot of capacity as the recession has gone on, and the important thing to realise is that although we all hope we are about to see at least the first statistics showing signs of recovery, it will be a long, hard road ahead and normality does not mean returning to the bubble conditions of two or three years ago. At that time, I was saying that any growth we were sustaining was entirely buoyed up by a sea of debt, both public and private. That has turned out to be the case. Many others said the same, and all the warnings were ignored.

We must face up to reality, but this Government will not do so. The Prime Minister thought that the boom was a triumph for his personal management of the economy and constantly took credit for it. When the crisis first came, he denied its existence, then he said it was caused solely by sub-prime mortgages in the mid-west of the United States, although the state of our mortgage market showed that something very similar had been flourishing here for some time and was indeed about to crash. When the crisis hit us, it was nothing to do with the Prime Minister, his handling of economy or the system of regulation that he put in place for the City, and the fiscal deficits that he was accumulating were quite irrelevant to the problems!

The recovery may start soon. The statisticians are on our side: the economy went off a cliff in autumn last year, so minuscule growth, compared with where we were 12 months ago, becomes, statistically, an increasingly likely outcome. When that tiny first shining growth comes, the Prime Minister will claim that he saved the world from calamity and that the recovery is under way, whereas we have seen him panic-stricken and overwhelmed by events throughout the crisis ever since it started.

It is therefore up to the country to start to look to what we can do to restore our economy. Now we need a Government who will face up to the reality of our problems honestly, and who will, with determination, restore our hopes for a quick return of confidence to businesses, followed by some recovery in economic activity in this country. Probably most important of all, we need opportunities for the army of unemployed people—not just for young people, but perhaps particularly for them because they are the innocent victims of the mad events of the past four or five years.

[Mr. Kenneth Clarke]

This is not an economic debate, but we must take into account the economic background to what we are talking about, which is obviously the main menace to business. Such recovery as we are achieving is, in my judgment, almost wholly dependent on the low interest rates and the printing of money in which the Bank of England has had to engage. Quantitative easing is probably necessary—I do not think I would terminate it rapidly, but that is a matter for the Bank—and probably must continue. However, we have no signs yet of a return to a private sector-led, confident recovery in the real economy.

Of course, what is happening at the moment, particularly the quantitative easing, cannot be sustained. It is altogether an experimental, emergency measure. The Government are able to finance their deficit only because the Bank of England "buys" the gilts that it issues. That is printing money to stop the money supply sinking into a black hole. As a short-term policy, I think we agree with it. I certainly think it should probably be continued for the time being and stopped as soon as possible. It is not a long-term basis for recovery. Even President Mugabe discovered that printing money is no way simply to meet ones obligations and Government debts, or to sustain the economy. That is the first reality.

What is keeping us going at the moment is a set of emergency measures, largely taken by the monetary authority. This is not a debate about the banks, and they are no longer looking as though they are on the point of total collapse, but we are not out of the woods yet. The banking and financial system is not back to normality. There are many issues that we must address before we can get back to feeling confident in and secure about British or any other international banking.

The main effect, in the short term, is that lending to companies is extremely weak. Credit remains a vital problem for many businesses, especially small and medium businesses on which the majority of employment depends. We are just reaching the stage at which larger companies are able to start going to the bond markets for some of their capital because of the abnormally low level of interest rates, but that route is not open to any of the small and medium businesses that employ the majority of our constituents. We all could compare the experience that we have in our constituencies— and, if we make visits, outside—of encounters with people who have viable businesses. Some of them need support to get through what they can reasonably argue is a temporary dip in demand for their goods and services, and others need ordinary credit for working capital. The atmosphere is not as bad as it was, but many perfectly good companies still cannot obtain credit or can do so only at rates that are vastly higher than those that would be regarded as normal.

Banks are weak—not surprisingly—and they have put up their margins in every branch of their business. Most of the banks are in such trouble that they prefer borrowers who are as secure as the Bank of England and who will pay miles above the rate that the bank has to pay to obtain money itself, to try to restore profitability and their balance sheets. The reality for the supply chain of many of our great industries and for all our small and medium enterprises is very bad indeed.

Mr. Angus MacNeil (Na h-Eileanan an Iar) (SNP): Does the right hon. and learned Gentleman agree that in such a climate it would be very wrong of banks that have some state ownership to pay any sort of bonuses?

Mr. Clarke: Yes, I think I would. The publicly owned banks have to have regard to the understandable sensitivities of public opinion about bonuses. The important thing about bonuses is to make them long term and genuinely based on out-of-the-ordinary performance. They should be fully realised only when long-term improvements have been delivered and should be capable of being clawed back if those improvements turn off. That is the nearest we are to international agreement. No Government can control the level of bank bonuses, but any sensible bank should realise that a high level of bonuses will cause outrage to a wounded and fearful public and be almost impossible to justify. If huge amounts of taxpayers' money have had to be spent to rescue a bank, public sensitivity will be very strong. I do not personally believe that Governments, even acting collectively, can have a pay policy on payment for senior bankers, but shareholders and common sense should dictate that any bonuses are performance-related, reversible and based on long-term performance. I hope that regulators everywhere will ensure that.

Mr. Brian Binley (Northampton, South) (Con) *rose—*

Tony Baldry (Banbury) (Con) *rose—*

Mr. Clarke: I give way to my hon. Friend the Member for Banbury (Tony Baldry).

Tony Baldry: Does my right hon. and learned Friend agree that one of the many frustrations for small and medium businesses is that they hear Ministers announcing new funds for investment, but when they try to access those funds, they discover that that is not possible? For example, the strategic investment fund is not a fund that businesses can access, but a fund for other funds, such as the launch investment for aerospace, grants for business investment or the UK innovation investment fund. The Secretary of State just reels off press releases about funds, none of which are accessible by our constituents, but which give the impression that he is doing something. All he is doing is creating new names for funds that businesses cannot access.

Mr. Clarke: There will be a wave of pleasure when I say that my hon. Friend has just given about the next 10 minutes of my speech, if I go at my ordinary pace. Having talked about the problems of accessing credit, I was going to make exactly that point and say what we would have done differently, and would still do, to make things more useful. However, I will first give way to my hon. Friend the Member for Northampton, South (Mr. Binley), and then I will warm to the point.

Mr. Binley: I am listening to my right hon. and learned Friend's speech with great interest. I am sure he would have recognised the CBI's second quarter report, which stated that the improvement in credit is largely driven by

"the very largest firms with over 5,000 employees".

However,

"small and medium sized enterprises…saw a…decline in…existing credit lines."

and the CBI expects

"similar tightening over the next three months".

Why does the Secretary of State simply not understand this problem?

Mr. Clarke: I cannot answer for the Secretary of State. The problem is real and it is as described by my hon. Friend, but that reality has not been addressed properly, as my hon. Friend the Member for Banbury also said.

We have been quite clear for several months about what we believe should be done. We have proposed that £50 billion should be devoted to a loan guarantee scheme, whereby the Government would guarantee a large part of the risk undertaken by banks when extending credit to their normal customers. The banks would have to make a commercial decision that they were prepared to take some of the risk, albeit a much lower risk than they normally would, thereby making the risk of default used in the risk judgment so much less.

That would apply to businesses of all sizes. It would be a straightforward scheme and could have been put into operation rapidly. Our scheme is also a direct response to the point that the three hon. Members who have just intervened on me have illustrated only too graphically, particularly my hon. Friends the Members for Banbury and for Northampton, South. The problem was a lack of access to any kind of borrowing by businesses of all sizes, particularly small and medium-sized enterprises, and we would have facilitated it.

The Government dismissed that suggestion, for the reasons given by my hon. Friend the Member for Banbury. They preferred to have a system of multiple micro schemes, carefully targeted at different sizes of company and different segments of industry. I am afraid that I share what might otherwise be thought of as my hon. Friend's unworthy cynicism. Why did the Government choose that route? One of its attractions was that they could put the support into so many little packages and so many press releases. They could announce that things were being done instantly, when the officials in the Department were not clear about what was being announced and were not yet ready to start discussions with the banks on what the rules might be in the latest scheme, and there are many of them, some of which my hon. Friend described.

Let me choose as an example the working capital scheme. The scheme is meant to guarantee credit lines to ordinary-risk businesses with a turnover of up to £500 million—very similar to what we propose, but for those businesses with a turnover below a certain level—covering 50 per cent. of the risk on working capital. On 14 January the Government announced that no less than £20 billion was available under the scheme. The scheme was announced on 14 January and was planned to come into effect on 2 March.

The long history would take too long to relate. However, as the first tranche came round the scheme was not ready; indeed, it was delayed for months. As late as 2 March, the Secretary of State for Business, Innovation and Skills still said that

"the scheme will be operational in March as originally announced".

In March, the Leader of the House told the House that

"under the agreement with Lloyds and the Royal Bank of Scotland, £5 billion will now be released to business."—[*Official Report*, 25 March 2009; Vol. 490, c. 297.]

None of that happened, and it fell to the right hon. Member for Doncaster, Central (Ms Winterton), to say:

"We have signed £1 billion of guarantees with RBS and Lloyds for portfolios of £2 billion."—[*Official Report*, 20 July 2009; Vol. 496, c. 1102W.]

Eventually, on 16 September—eight months after the scheme was first announced with its £5 billion of guarantees—the Financial Secretary to the Treasury said that

"£2 billion of guarantees have been provided to banks under the Working Capital scheme"—[*Official Report*, 16 September 2009, Vol. 496, c. 2289W.]

The rest had apparently been diverted to other policies. In the few weeks that have so far elapsed, hardly any of that £2 billion has been available. There has been press release after press release and fanfare after fanfare. On one occasion, the Prime Minister told some gathering that the money was being distributed under the working capital scheme; it was an illusion, like the illusion that has surrounded so much that he has said.

There will be an overhanging effect on business's ability to access capital and the price it will eventually have to pay in interest rates because of the tremendous threat posed by the level of public debt. Again, this debate is not about economic policy generally—certainly not as far as I am concerned—but the background is that the Government have, in effect, had to privatise a huge amount of private debt that was previously the debt of the banks. That came on top of a huge fiscal deficit, which the Government were already piling up despite the fact that we were in conditions of growth and boom. That gave us the worst debt problem of any developed country in the western world.

A debate is now under way—it is quite crucial to confidence in the British economy and the confidence with which British business will eventually be able to access proper capital—about whether the debt and the deficit need to be tackled now. This is almost a farcical situation. It is by no means a secure situation for the British economy and it is worrying for anyone with the interests of British business and future employment in mind.

We have to record the historic date of 15 September 2009 when the Prime Minister's colleagues finally persuaded him to use the words "spending cuts". I have not observed him repeating those words since, and they have not yet produced a great deal of activity, but at least consciousness dawned for a moment.

Now, however, we are meant to be having a great political debate about whether we start tackling the deficit now or whether we leave it until later and, indeed, about whether it is not somehow essential to the Prime Minister's great plan for the recovery of the world economy that no item of public expenditure is touched until we get beyond a general election. That is a quite foolish debate, not least because the choice will not be in the hands of British Governments much longer if we try to exercise it. It is the markets and the need to sell gilts to finance the debt that will decide this.

The underlying deficit of—people's estimates vary—6, 7 or 8 per cent. of GDP is structural, which means that it would be there in normal circumstances unless we did something about it. That has to be tackled now, and the only reason there is still any confidence in sterling, the British economy and British Government bonds is that the Opposition parties are at least talking

[Mr. Kenneth Clarke]

about tackling the structural deficit. *[Laughter.]* Oh yes. The Prime Minister's remarks—this is not all about the Secretary of State's remarks—would cause market panic if anybody thought he was still in control of events and certainly if they thought he would be after May.

John Reid (Airdrie and Shotts) (Lab): I do not think there is anyone in the House who does not accept that we have to find a route back to prudence by cutting expenditure and increasing income. However, I hope that the right hon. and learned Gentleman is not dismissing as irrelevant the debate about when we do that cutting and how much we cut. Everyone agrees that trying to make significant cuts in public expenditure before a sustainable recovery is under way is like trying to shove a car into fourth gear at 10 mph, because we will stall and run into a second deep depression. Will the right hon. and learned Gentleman confirm that there is at least a legitimate debate to be had about when significant cuts should proceed?

Mr. Clarke: We have to start tackling the deficit as soon as possible; we have no realistic choice about that, and we will pay a great penalty if people begin to believe that we are not going to do that.

The background to the debate is that the Government have proceeded, despite our warnings, on the basis that they are going to carry on increasing public spending by about £30 billion next year. That is Mickey Mouse economics, particularly when it is defended as though any challenge to that figure represents a threat to the financial future of the country. This is left over from careless pre-election commitments to public expenditure, and it should be tackled in order to restore confidence in the British economy and ensure continued confidence in those to whom we are going to have to look to finance our debt. It is important that we make a start on tackling the structural deficit now. It is absurd to say that the Government are somehow free to postpone this for a year or two, and to wait until they judge the time to be right.

The Secretary of State for Work and Pensions (Yvette Cooper): Will the right hon. and learned Gentleman confirm that this means that his party's policy is to oppose the £5 billion of additional funding that we are putting in to help the unemployed this year and next, of which £2.9 billion is for the next financial year?

Mr. Clarke: With anything of that kind, we are going to say, "Where are you finding the money from?" I shall leave it to my right hon. Friend the Member for Maidenhead (Mrs. May), who is winding up the debate, to describe the package that will be essential to tackle the real needs of the unemployed now and through this recession. We have addressed the question of how we would finance it and what it would cost, although we have the disadvantage of having only half a dozen very bright young people trying to work out the costs and helping us to put the policies together. The thousands of civil servants that the right hon. Lady has at her disposal have not enabled her to come up with quite the right answers on public finances so far.

Yvette Cooper: Just to clarify: we have increased the funding by £5 billion this year and next. It is discretionary additional spending funded by additional borrowing, and it is part of the wider support for the economy that the right hon. and learned Gentleman and his party repeatedly oppose. Will he confirm that he is opposed to that £5 billion of additional spending to help the unemployed?

Mr. Clarke: If I heard the right hon. Lady properly, she said that this was going to be financed by "additional borrowing". I must say that nothing causes me deeper dismay than to hear a Treasury Minister get to her feet—*[Interruption.]* She is no longer a Treasury Minister; I am sorry. Nothing causes me deeper dismay than to hear a distinguished former Treasury Minister get to her feet at the Dispatch Box in October 2009 and lightly trot out a policy, believing that she does not have to answer the question of where the money is to come from, but say merely that she will borrow it. This was indeed the policy of her Government two or three years ago, and it has contributed to the total disaster that the country is now suffering.

Mr. Michael Meacher (Oldham, West and Royton) (Lab) *rose—*

Kelvin Hopkins (Luton, North) (Lab) *rose—*

Mr. Clarke: I have given way, and I will do so again in a bit, but I must make some progress. I am in danger of making one of my longer speeches in a debate in which there is a time limit for everyone else. Let me just get through the things that will be required to restore growth, apart from tackling the credit market problems and the problems of the public debt that loom so heavily over everyone.

When we look at what is needed to restore to this country a climate that is fit for business enterprise to get the country back to work, the first thing that we need to address is the taxation of business. Whenever I go to meetings with small and medium-sized business men, they can normally be relied on to raise the issues of taxation and regulation, so I shall begin by dealing with both those subjects.

The Government have raised corporation tax, and, in particular, they are in the process of raising the rate of the tax on small businesses. It has already gone up from 19 to 21 per cent., and in the Budget it was announced that it would go up to 22 per cent. in 2010. That is complete nonsense. To increase the burden of taxation on business—and on small businesses in particular—at the present time is folly. This was done at the time of the Budget in order to make the books look right and to put the cost on a corporate and collective tax that might not upset too many voters. However, it will upset voters when they see the consequences that the measure will have on small businesses in this country.

We have committed ourselves to bringing down the headline rate to 25 per cent., because we need a competitive rate, and to reducing the small companies corporation tax rate to 20 per cent. We have said how we will finance that—by abolishing the elaborate system of allowances, which is complicated taxation and can be used to finance the reduction in rates. We also strongly object to the other increase in tax on business, which is tax on employment. The Government have already put that into the pipeline and are going to raise national insurance rates. We would hope to be able to avoid that, and we would like to be able to give some relief, particularly to small employers.

Secondly, the Government have talked deregulation ever since they came to office. I actually think that Prime Minister Blair was a genuine enthusiast for deregulation and tried to infuse it into his Government. As all Prime Ministers probably find, and as he certainly did, he never had the time to apply himself to any of the detail, so it never really happened. The result so far of 12 years of stated commitment to deregulation was revealed by the latest PricewaterhouseCoopers global survey of chief executive officers, showing that more CEOs with businesses headquartered in the UK felt that their Government had failed to reduce the regulatory burden than any other country covered by the survey. We are losing competitive advantage.

Only a week or two ago, my hon. Friend the Member for Weston-super-Mare (John Penrose) produced our latest and most detailed policy so far, on which we are still working. It is based, among other things, on regulatory budgeting—that is, before introducing a new regulation, having calculated the burden of compliance with it, another equivalent regulatory burden must be found for repeal. That, for a time, was the Government's policy.

When appointed to my current position, I was mystified to discover that the Secretary of State had stopped work on regulatory budgeting, to which the Government were then committed. No explanation has ever been given for dropping that commitment. The nearest I ever got to an insider piece of gossip about what went wrong was that civil servants in other Departments had constantly objected to it and tried to block it. Well, they would, wouldn't they? That is why we have prepared ourselves for regulatory budgeting, approved a sunset clause for regulatory bodies and supported other measures set out by my hon. Friend. The important thing is that we are preparing to ensure that, unlike the current Government, we will not only speak the language of deregulation, but actually deliver a change of culture in practice. That requires the processes that we are planning to introduce.

Rob Marris (Wolverhampton, South-West) (Lab): Will the right hon. and learned Gentleman provide us with three examples of regulations that he would abolish if he were in government?

Mr. Clarke: That is the question I use when people complain to me about European regulations! What I would repeal is the whole system that requires companies and voluntary bodies to go through a process of vetting the records of more than 5 million citizens if they are likely to meet children in the course of their work or their daily activity. I am thinking of recent examples; otherwise, the hon. Gentleman has defeated me with the same trick question that I sometimes put to others. *[Interruption.]* If the hon. Gentleman's point is that the process of regulation is not a burden, not a cost and only an illusion, that it is not true that managers are spending hours of their time complying with regulations imposed by different bodies, or that businesses are not subject to inspection by countless different inspectors, some of whom give contradictory advice about how to comply with those things for which they are responsible, I believe that I am nearer to reality than he is. Neither is this a problem only for private business, as the public sector suffers from the same process. Thus, a process of examining the regulatory burden will reveal the answer to his question. We are proposing such a process and we are not going to introduce new regulations until we get rid of the equivalent older ones.

Mr. Meacher *rose—*

Mr. Clarke: I will give way one last time, which might give me more time to think of another regulation for abolition.

Mr. Meacher: Let me return the right hon. and learned Gentleman to the most important thing he said—that a future Tory Government would engage in early cuts as soon as possible and that those would be big cuts. Is he aware that the President of the Japanese Government tried exactly that against the background of a precarious recovery at the end of the 1990s, only to precipitate a deeper slump? Is he aware that Roosevelt, having initially launched the new deal, then increased taxes and reduced public expenditure, which took America back into unemployment? Is it not obvious that what is needed is not public expenditure cuts on a large scale, but a massive investment programme in job creation in housing, infrastructure and manufacturing?

Mr. Clarke: Few things are certain and obvious in economic policy, and it is certainly necessary to have regard to historic precedent. We may consider Japan in the 1990s, the United Kingdom in 1981 and the experiences of the 1930s, although it is debatable whether what is now called President Roosevelt's Keynesian expenditure was actually the principal cause of recovery. Indeed, I think that that theory is very doubtful, although it is, I know, much loved by people in the labour movement.

What we must look at, however, are the realities of today. No two financial crises are exactly the same, and no two recessions are the same. What we have at the moment is a massive burden of debt, which is a major feature of the current problems and a major challenge to confidence. To pretend that the Japanese experience shows that there is no need to tackle it is to be under an illusion. We have a larger deficit, and we have seen a faster increase in debt in relation to GDP, than any other G7 country. Others can afford fiscal stimulus, but we cannot. It is my judgment that we must start cutting the deficit as rapidly as possible. We cannot simply point to one feature of the Japanese lost decade and say that it proves that Britain in 2009 must avoid taking that step.

Tom Levitt (High Peak) (Lab): Will the right hon. and learned Gentleman give way?

Mr. Clarke: I will not give way again straight away, although I may do so later. I will take too long if I keep giving way and dilating on these impossible subjects. Almost every Member in the House is briefer than I am, but the hon. Gentleman is a possible exception, and an exchange between him and me is a risk on which I will not embark at this stage.

The next specific question that we must address is why we lost our advantage in flexible labour markets. That is undoubtedly extremely important to getting employment going again, and we are going to devote some study to it. We believe that the Government have moved far too fast and gone too far in some instances, although they too seem now to be having doubts about the agency workers directive. We believe that it should not be implemented until the last possible date, and certainly should not be implemented on fiercer terms vis-à-vis employment than those adopted by other western European countries complying with it.

[Mr. Kenneth Clarke]

We must also consider how we can become better at converting the innovations devised by the best of British science, British engineering and British technology into exploitation by companies that are basing themselves here for the production, sale, employment, and research and development opportunities. This country is very bad at that. We have a history of innovations being made in our universities by our scientists and engineers, reaching a certain stage, and then being moved away to be developed by companies in the United States of America or Germany.

We must look at the whole question of manufacturing in this country. The Government have totally ignored all the warnings that they have ever received about the state of manufacturing. Almost exactly half all manufacturing jobs that existed when new Labour took power have subsequently been lost. Manufacturing still accounts for 13, 14 or 15 per cent. of GDP, depending on the source of one's figures, but that is far too small a part of an economy and needs to be rebalanced. No politician and no business man in the United States, Germany or Japan will accept the argument that a modern economy does not need manufacturing—that an economy can be successful without making anything.

Of course, what an economy makes has got to be different, and it is the high-value and high-tech manufacturing that we should be encouraging. A large part of that depends on skills and training. We would reform the system of training to produce the skilled people of whom the country has always been in short supply. We are particularly committed to the future of apprenticeships.

The main point about apprenticeships, which we are seeking to reform, is that we must be clear about what we mean by "apprenticeship". It has always been very popular for politicians to make speeches about apprenticeship, but what it should mean is training in the workplace—employer-provided training, obviously allowing some absence for necessary further education and training outside at the same time. It should also be of an acceptable level. It is no good re-badging what people are already doing and describing that as training. It is also no good saying an apprenticeship has been successfully completed by someone who has reached the level of national vocational qualification level 2. Real apprenticeship requires the support of employers; it has to be work-based training, and we have produced proposals to give support to that.

Frank Dobson (Holborn and St. Pancras) (Lab) *rose—*

Mr. Clarke: So as not to offend the hon. Member for High Peak (Tom Levitt), I shall give way to him first.

Tom Levitt: I would like to give the right hon. and learned Gentleman the opportunity to talk about creating jobs, as I think that must be an important part of any approach to dealing with the recession. He is a very reasonable man, and I am sure he acknowledges that the future jobs fund is in place to create sustainable, long-term jobs with Government help. I am sure that he will also acknowledge that many Conservative councils around the country have signed up for the future jobs fund and are delivering jobs through that means. Does he not therefore agree that it is a bit rich both that there is no mention of the future jobs fund in a High Peak Conservatives press release talking about how keen they are to help the unemployed, and that Conservative-controlled High Peak borough council is refusing to take part in that fund?

Mr. Clarke: Like so many such initiatives, it seems that the future jobs fund is not quite fully up and running yet. It reminds me of the community programme. These matters will be dealt with by my right hon. Friend the Member for Maidenhead, who will be winding up the debate. I hope the hon. Gentleman will be present for her speech. My right hon. Friend and I participated in putting together a whole programme of measures that will seek to find proper jobs for the unemployed with training and help; we announced that at our party conference.

The question enables me to respond to one of the myths that the Labour party so frequently expresses about the 1980s. I was a Minister at that time, and both then and now I have had to listen to repeated Labour speeches summing up that period as days of horror, desolation and the destruction of all that was finest in our British economy and society, whereas I personally regard it as the time when structural reforms were put in place that paved the way for us to be a modern economy. It is not true that we did nothing about the millions of unemployed. I was in the Department of Employment and the Department of Trade and Industry. We had project after project, all of them scorned by the Labour party. The future jobs fund is the community programme redesigned. It is all to be provided by local authorities on a temporary basis. The last time we had that, it rebuilt every village hall in my constituency. We have to move on from that policy, however. I will not discuss at length the youth training scheme—YTS—which Labour Members howl about, saying it did not provide real jobs and that people were not paid the union rate. There was also an enterprise allowance scheme to help the self-employed. We will modernise that, as we will all the schemes, but it worked very successfully. It got 100,000 people into working for themselves, and there are some very highly motivated people who cannot find jobs who could benefit from that.

All these schemes have been moved on, however. Unlike the current Government, who have gone back to the days of Lord Young and myself at the Department of Employment, and who are probably using some of the same officials to redesign all the various make-work schemes locally that we steadily refined when we were in office, we have put in a lot of work and have produced a full package of measures that we think are fit for the 21st century and will help a lot in the current situation.

I shall now take my last intervention, which will come from the right hon. Member for Holborn and St. Pancras (Frank Dobson).

Frank Dobson: The right hon. and learned Gentleman is harking back to his halcyon days in the Thatcher Government. I welcome his conversion to the idea of apprenticeships. Will he confirm that he was a member of the Thatcher Government who abolished them?

Mr. Clarke: We can both relive our halcyon days if the right hon. Gentleman likes, but I do not remember him having hurled that allegation at me. The first policy attempt to set up modern apprenticeships was undertaken

20 years ago in the late 1980s by the Thatcher Government. In those days, in some circles it was considered that any work that did not involve people getting their hands dirty or belonging to a trade union was not a real job or real training. I suspect that lay at the heart of much of the debate we had then, but I do not think the right hon. Gentleman and I should relive the old days now as there are a lot of very young people who are unemployed—about 1 million of them. They want to hear about real programmes designed for today's economy and my right hon. Friend the Member for Maidenhead will be setting those out later. However, I hope we all agree now that high-value manufacturing is essential to our future.

Those are the kind of proposals we are putting forward. We have made a considerable advance in addressing what would be our overriding problem: not just tackling the public deficit but at the same time creating a climate in which we can get back to growth, which is eventually the best way of solving a deficit problem and the only way in which prosperity and jobs can be provided.

Meanwhile, I study the outline of business policy that comes from my opposite number. On the recent publication "New Industry, New Jobs", I think it will be left to us to create the new industry. I fear that the current Secretary of State, and perhaps even his No. 2, will be looking for the new jobs, and we will hope to assist them as well. The documents are platitudes. Even Lord Mandelson says they are not earth-shattering. He has produced something that I hope *The Sunday Times* is wrong in inferring is designed simply to badge speeches, advertisements and publications over the next few months. He seems desperately anxious to prove that he is somehow "interventionist" and activist. If that is meant to be an ideological statement, I at least give him the mitigation of not thinking he is genuinely either—if by that we mean interventionism in the classic, social democrat sense; he obviously has not been that so far.

Unfortunately, what Lord Mandelson is producing is not delivering very much but press releases and it is doing little to improve the business climate. He delivers it through an absolutely enormous number of agencies and quangos, as well as all the initiatives and programmes he produces. Unfortunately, the real business man out there finds when he tries to source or address any of these things that it is all sound and wind, signifying nothing and not available to the business man in the midlands who is stuck for credit and facing difficult times, or even to the entrepreneur with a new type of business that he wants to get under way.

When we come out of the recession, it will not be the same as it was before. Not only will there not be a return to the crazy bubble for which the Government enjoy taking credit, and which I sometimes think they wish we could go back to. Was it not nice then—when house prices, business growth and the share stock market were all soaring, everybody was happy and one could simply benignly brush aside warnings from Jeremiahs in the House of Commons and elsewhere and take credit for it? We are going to have a new type of economy. In Britain, it will have to be rebalanced and not be so dependent on financial services. We are going to have to invest more, export more and manufacture more, and we are certainly going to have to provide a great deal of new employment.

We are working on the task. We are frustrated by a winter of having to watch a Government wondering how they can re-badge themselves one last time to survive after May and perhaps tackle the problems. Twelve years of new Labour have proved very bad for British business. We need a Conservative Government as soon as possible to make Britain open for business again.

5.23 pm

The Minister for Business, Innovation and Skills (Mr. Pat McFadden): I beg to move an amendment, to leave out from "House" to the end of the Question and add:

"welcomes the Government's decision to support families and businesses during the current global downturn; believes it is vital the Government takes an active role to support recovery and build future economic strength; notes the authoritative view of business leaders and leading economists against premature withdrawal of the support for the economy; commends the Government's leadership in co-ordinating the international action, through the G20, to support jobs and growth; further welcomes the Government's decision to invest an extra £5 billion to help people back into work and provide the Young Person's Guarantee, increased numbers of Jobcentre Plus staff, 150,000 Future Jobs Fund jobs and an offer to all jobseekers at six months; calls on business and the voluntary sector to support the campaign Backing Young Britain; further welcomes the introduction of the Employment and Support Allowance, the accompanying Work Capability Assessment, the expansion of Access to Work, and the Flexible New Deal delivering tailored support with providers paid by results; further believes that it is the right judgement by Government to encourage investment by small and medium-sized enterprises through the Enterprise Finance Guarantee and other support; further welcomes the successful car scrappage scheme; further welcomes the help for over 150,000 businesses through giving more time to pay tax bills; and commends the Government's new industrial activism, which, combined with the real help now being offered, will help secure the country's future prosperity.".

I very much welcome this debate on economic recovery and welfare. Responding to the global recession of the past 18 months or so has tested Governments right around the world. When the world was faced with a collapse in credit, the seizing up of the banking system and a steep decline in trade, Governments had to step in to stop a catastrophe for people and economies throughout the world. Of course, it is not just Governments who will be judged by their response to the crisis; it is Opposition parties, too. For in those moments when intervention had to take place—in those times when we sought to stabilise the banking system; to put more money in people's pockets; to launch schemes to support industry, such as the scrappage scheme, which we have just extended; and to stop recession turning into depression—the judgment of all politicians was tested. Time after time, we have found that the judgment of the Conservative party has been called into question. From the Conservatives' opposition in the beginning to the nationalisation of Northern Rock—the shadow Chancellor said that he opposed that "full stop"—to their opposition to the fiscal stimulus, they have proven time and again that they would not have been up to the task of responding to the grave economic situation in which we have found ourselves. That judgment problem continues to haunt them as the issue becomes not response to recession, but how to foster and sustain economic recovery.

Perhaps we should not be surprised about that, because people of my generation, who grew up in the 1980s, know about the Tory response to recession; I have gently to disagree with the right hon. and learned Member for Rushcliffe (Mr. Clarke) here, because I remember very well the times when communities were torn apart by swathes of job losses, with little or no real assistance in place to help them recover, when there was

[Mr. Pat McFadden]

long-term unemployment and when child poverty doubled. The Leader of the Opposition says that he is angry about poverty. He should be, because his party created enough of it when it was last in power.

David T.C. Davies (Monmouth) (Con): I am of the same generation as the Minister, and I remember the previous financial shenanigans from the 1970s. Does he have a sense of déjà vu as, once again, the economy collapses at the fag end of a long Labour Government?

Mr. McFadden: I do not have a sense of "déjà vu, once again", as the hon. Gentleman puts it.

I do not wish to dwell on yesterday. It is today and tomorrow that really matter and there, more importantly, the Opposition have got the judgment calls wrong time after time. This Government knew that when faced with the biggest worldwide economic contraction in decades, we needed to act to ease its effects and help the economy get through it. That meant taking action to stabilise the banks to protect people's savings and keep credit moving. As I said, the shadow Chancellor opposed the renationalisation of Northern Rock and proposed amendments to the Banking Bill, the effect of which would have been to make the rescue of Bradford & Bingley impossible too.

Following the action that we took on the banks, we launched a fiscal stimulus, which included bringing forward capital spending, tax cuts to put more money in people's pockets, and support for business. Some of that included the VAT cut, which I believe the right hon. and learned Member for Rushcliffe said was an option that he supported, although it was attacked by many in his party. The Centre for Economics and Business Research said:

"The figures are clear; the VAT cut is working."

The Institute for Fiscal Studies said:

"The temporary cut in the standard VAT rate...is a better stimulus measure than its critics suggest."

More broadly, fiscal stimulus measures were supported around the world, although not by the Conservative leader, who said in April:

"We were against the fiscal stimulus...when it came to"—

the decision

—to oppose the VAT cut and the so-called fiscal stimulus, I didn't consult a focus group or an opinion poll I just knew it was the right thing to do."

Mr. Redwood: Does the Minister not see that the Government are squeezing the life out of the private sector to pre-empt all the money into the public sector? Can he tell us what he thinks the long-term rate of interest will be in this country when they stop printing it?

Mr. McFadden: I am certainly not here to predict the interest rates for the future. We have a system for setting interest rates, which the right hon. Gentleman well knows.

As the Leader of the Opposition said, he opposed the fiscal stimulus, whereas right around the world Governments of left and right were coming to the opposite conclusion. While the Conservatives opposed what we were doing, countries came together at the G20, here in the UK, to agree that co-ordinated action to support our economies was necessary. For example, the managing director of the International Monetary Fund said at the height of the crisis:

"If there has ever been a time in modern economic history when fiscal policy and a fiscal stimulus should be used, it's now".

The contention of the Opposition, apart from saying that they opposed the stimulus, was that Britain "could not afford it." However, the real issue was whether we could afford not to support the economy, given the situation that we faced.

John Reid: Lest my right hon. Friend feels isolated, may I speak for the generation before his? We went through this, too. We saw unemployment of 25 per cent., and the distinction between the way that the Conservatives addressed the last big economic crisis and what is happening now can be expressed in three words—"judgment", "action" and "balance" between economic, fiscal and financial stimuli and social protection. Those three things—judgment, action and balance—were dramatically missing during the last recession.

Mr. McFadden: My right hon. Friend makes a very good point in a very effective way.

Mr. Kenneth Clarke: While we are having this wander through history, may I move on to the rewriting of history? I opposed the fiscal stimulus of the VAT cut when I was a freelance Back Bencher—before I was on the Front Bench—on the basis that we could not afford it. The British Government have gone in for less fiscal stimulus than almost any other developed country because of the state of our public finances. They have gone for far less than, say, the Germans have gone for, because they cannot afford it. The IMF has said of Britain that it needs to take faster action to tackle its fiscal problems—that was its comment on the Budget this year. The idea that we have been leading the way in fiscal stimulus is a myth—fortunately, because had we tried any real fiscal stimulus in this country, the long-term problems of our deficit and debt would be enormous. We are sustained by low interest rates and quantitative easing, not by any illusory fiscal deficits.

Mr. McFadden: I think that the right hon. and learned Gentleman will find that with both the discretionary measures and the automatic stabilisers, the stimulus adds up to some 4 per cent. of GDP. That is a substantial stimulus. My point is that Governments of left and right from around the world engaged in similar action while his party said that it opposed it. His leader said that he opposed it because that was the "right thing to do". In fact, Nobel prize winner Joseph Stiglitz said:

"You're fortunate that you have had a much more responsible government over the last eight years than we have had in the United States...We look to Britain as an example in times of which the economy was good, you did the right thing, we didn't."

Gordon Banks (Ochil and South Perthshire) (Lab): My right hon. Friend is taking us by the hand and guiding us through the Conservatives' inability to tackle today's economic crisis. Does he get the same uneasy feeling as I do when I read today's motion? We are not talking about history, but about the here and now—it condemns the Government on what they have done for business and employment. I am speaking from a business background, and this Government have done a lot for business and employment, all of it in the face of the Opposition. May I bring to my right hon. Friend's

attention the funding for 50 jobs in Clackmannanshire that was delivered last week through the future jobs fund? In the last recession, we did not get jobs in Clackmannanshire, we lost jobs.

Mr. McFadden: I know that my hon. Friend comes from a business background. There has not only been help with the 50 jobs in Clackmannanshire; help has been given on a wider basis. For example, the time to pay initiative that we have extended to business has led to agreements with 150,000 businesses to spread more than £3.7 billion in business taxes to help them during the course of the recession.

Mr. Binley: The Minister is always most kind in giving way, and I am always grateful. If the Government have been so generous to the private sector, why has the private sector shed 1 million jobs over the past 15 months while the public sector has increased by 300,000 jobs?

Mr. McFadden: We will talk more about welfare and unemployment in this debate. Of course, unemployment has risen as a result of the global recession. However, my argument is that our response to dealing with that unemployment contrasts with the hon. Gentleman's party's policies in the past and the policies that it espouses today.

Mr. Peter Bone (Wellingborough) (Con): Will the Minister give way?

Mr. McFadden: I want to make some progress.

After countries came together to support their economies, we had the party conferences. After an unprecedented co-ordinated international action in the face of the gravest economic contraction that we had seen for decades, what was the target of the Leader of the Opposition's speech at his party conference? Was it the irresponsible financial practices that had got us into this situation in the first place? Was it the market failures that had forced Governments around the world to act? No. In 2009, after everything that had happened, his attack was on big government.

After the first great economic crisis of this century, when the actions of Governments were absolutely critical in preventing things from being far worse than they would have been, the right hon. Gentleman's attack was on big government. Let us be clear: we did not intervene in the markets because we wanted to replace them. We intervened, because a market failure of that magnitude meant that Government had to act to ease its effects and to offer help to those who lost their jobs as a result. If the Conservatives made the wrong judgment call on the recession itself, the critical question now is the recovery and what the future holds for the British economy.

Steve Webb (Northavon) (LD): The difference between our position and that of the Conservatives on fiscal stimulus is that we agreed with the Government that it was necessary. The amount of money released by the VAT cut is a substantial sum, but does the Minister accept that a lot of tiny cuts—50p off a phone bill, a small amount off something else—do not stimulate the economy as much as spending the same amount on, for example, an injection of cash into a green recovery programme, which would be labour-intensive and which would help infrastructure in the long term?

Mr. McFadden: We combined a tax cut with capital spending—there is not necessarily a choice between the two—and the overall effect of the VAT cut was to put about £1 billion a month into the economy that would not otherwise be there.

The question is, is recovery in place and how strong will it be? There are some encouraging signs. For example, the CBI's most recent output expectations index for manufacturers shows improvement on its predecessor. The Bank of England's summary of business conditions reports that demand for consumer services has increased. Those signs are welcome, but it would be a rash politician who claimed that recovery was in place, embedded and not under any threat. If there is a recovery at all, it is a fragile one and it is very capable of being set back if we make the wrong judgments and the wrong decisions.

The right hon. and learned Member for Rushcliffe mentioned the importance of regulation. I can tell him that the World Bank's most recent ease of doing business survey raised Britain from its position as the sixth-best place in the world to the fifth-best to do business, so on that international measure we are heading in the right direction. As I said, it would be complacent to assume that the recovery will take hold come what may, or that there is no need for further Government help for the economy, yet that is precisely the advice offered by the Opposition, much of which centres on the discussion of debt. Of course, stimulus has meant a build-up of debt, which must be paid down in future. There is no argument about that, and we have set out a plan to cut the deficit in half over four years. However, when we start paying down debt, what is the time scale and what are our priorities as we do so? On those issues, there is a real difference between the parties. If we withdraw the stimulus too soon, we risk choking off recovery and sending the economy backwards, not only increasing the human pain of the recession but impairing the country's long-term ability to pay down the debt that the Opposition say that they are concerned with in the first place.

Kelvin Hopkins: I have a sneaking suspicion that what the Opposition are trying to do is frighten the Government into trying to reduce debt now, which would increase unemployment and help them to win the election. I think that my right hon. Friend would do well to ignore them.

Mr. McFadden: As I have said, it is important to have a credible plan to reduce debt, but there are major choices to be made between the parties.

Tom Levitt: My right hon. Friend will agree that it is absolutely crucial that employment is maintained at as high a level as possible during the recession and that jobs are created. Is he as surprised as I am that the right hon. and learned Member for Rushcliffe (Mr. Clarke) did not mention in 45 minutes anything to do with job creation? Is that perhaps because, if we read the Conservatives' work programme for tackling Britain's jobs crisis, we can see that it is a pale imitation, and a regurgitation, of what we are already doing to provide jobs?

Mr. McFadden: My right hon. Friend the Secretary of State for Work and Pensions will have more to say later in the debate about our plans to ease unemployment and get people back to work, but my hon. Friend the Member for High Peak (Tom Levitt) is right that we must not abandon the unemployed and must do everything we can to support employment in the economy.

[Mr. McFadden]

I return to the question of the stimulus and when it should be withdrawn. The former member of the Monetary Policy Committee, Professor David Blanchflower, said:

"If spending cuts are made too early and the monetary and fiscal stimuli are withdrawn, unemployment could easily reach 4 million."

Just a few weeks ago the director general of the CBI said:

"The economy is too fragile right now for massive cuts in public spending."

On the question of employment just raised by my hon. Friend, Kevin Green from the Recruitment and Employment Confederation, when asked about the fiscal stimulus last month, said:

"We certainly don't want it to be switched off early. We actually need it to continue."

Yet a premature end to the fiscal stimulus is precisely what the Opposition are advocating. The Leader of the Opposition said in his party conference speech:

"The longer we leave it, the worse it will be for all of us."

But the fact is that in the present economic situation, that is not true. His attack on big government is driving him and his party to an economic stance that endangers the recovery and threatens to choke it off before it has been properly established. That is what happened in Japan in the 1990s, with the result that the downturn there lasted years and impacted even more severely on debt levels. The judgment failures that led the Conservatives to make the wrong judgments during the recession are being repeated, just as we see fragile signs of recovery.

Peter Luff (Mid-Worcestershire) (Con) *rose—*

Mr. McFadden: We will not take risks with the recovery. We know how essential it is for the recovery to be supported so that it takes hold properly. We are determined to pay down debt, but we will not withdraw support at the precise moment when the economy needs it.

I give way to the Chair of the Select Committee.

Peter Luff: I am grateful to the Minister. As Select Committee Chairman, I have no wish to engage in partisan politics with him. Does he agree that it is not just what the Government do, but the way they do it? In that context, why did they choose to end their showcase fiscal stimulus programme, the VAT reduction, during the January sales, immediately after Christmas, causing maximum disruption for the retail sector?

Mr. McFadden: We always said that that tax cut was a temporary one, and we gave notice of that when it was announced, so I do not think there is any surprise about that.

Let me turn to the question of individuals, as well as the economy as a whole. When the economy has contracted as much as we have seen, when trade has fallen around the world, of course people lose their jobs. No Government can say to their people that they can be protected entirely from unemployment, given the economic circumstances that we have been through, but we will not abandon the unemployed. The Government are determined to ensure that unemployed people get the help and assistance that they need to help them find another job, and we are devoting particular effort to ensuring that we do not have a repeat of the 1980s experience, when long-term unemployment left thousands—sometimes tens of thousands—out of touch with the labour market for years, and sometimes for ever.

So we have put in place £5 billion in total to help get people back to work over this year and next year. That involves, for example, an extension of the rapid response service even before redundancies take place; after six months unemployed, help with training; help to people to set up their own business; incentives for employers to hire people; and after 12 months a guarantee of training or employment for young people aged 18 to 24, as well as other measures, such as funding for 20,000 internships, which can be a hugely valuable bridge into work for many people.

That activity stands in stark contrast to the way in which the Conservatives approached the issue when they were in power. And today, while we are putting in £5 billion to help the unemployed, the Conservatives—the right hon. and learned Member for Rushcliffe repeated this during his speech—have called for £5 billion less public spending during the recession. If that is their approach, I have to ask the right hon. Member for Maidenhead (Mrs. May) which parts of our help package for the unemployed they would withdraw. What training opportunities, what incentives to employers or other help would they abandon? Finally, for clarity, do the Opposition support the £5 billion package for the unemployed? Unemployment has risen during the recession, but we are determined to give people a second chance and to do everything that we can to stop it becoming permanent for those affected.

Mr. Bone: There is a gulf between what the Minister is saying and what is happening in Wellingborough. Unemployment has doubled in my constituency since the Government came to power, and while I have been in the Chamber today I have received a note about another company going bust. The Minister's measures are just not working.

Mr. McFadden: I must ask the hon. Gentleman to think about his constituents and how much worse unemployment would have been for them if we had not had the fiscal stimulus, the support that I have talked about or the expansion of apprenticeships. The right hon. and learned Member for Rushcliffe talked about apprenticeships, but there are four times as many apprentices now as there were when he was in power. To withdraw help for the unemployed would increase the risk of that situation becoming permanent and simply repeat the experience of people who lived through the recessions of the 1980s and 1990s, and we will not go down that road. This debate is important, because our responses to the recession and its human cost are issues upon which we will be rightly be judged, and judgment is just as important in the recovery as it is at the height of the recession.

On future industrial policy, Britain needs a Government who will support the economy's emergence from recession and help business to seize the opportunities that technological and industrial changes present—whether that is the transition to low carbon, or the advancement of digital technologies and biosciences. We have made it clear that we believe in an active role for government in helping Britain to make the most of those opportunities.

The right hon. and learned Gentleman said that our policy was just words and branding, but that is not the

case. In recent months, we have put financial backing into aerospace, wind and wave power, the scrappage scheme extension and a number of other areas. When it comes to industrial policy, however, my criticism of the Opposition is not so much that they attack big government, as that they have nothing to say at all: nothing to say about Britain's industrial future, and nothing to say about the national capabilities that they believe that we should have. The problem for them is not so much big government as no government at all, and that is not good enough. Government may not create the jobs, but it does create the environment for employment and industry to grow. If the concern is debt, the best way to pay it down is through growth, and the best way to obtain growth is to work with industry to take advantage of the opportunities of the future.

As recovery takes hold, it is absolutely critical that we work with industry to ensure that it can take advantage of such opportunities. That is why we have put in place the strategic investment fund and allocated funding to the projects of which I speak—because we want Britain to have a recovery that makes the most of our industrial future. We believe that government has a vital role to play in that.

Rob Marris: Does my right hon. Friend share my surprise that the Opposition's motion refers to "reducing corporation tax" but not to the other half of that policy? The right hon. and learned Member for Rushcliffe (Mr. Clarke) did refer to it, and the reduction of corporation tax by the Conservatives would be funded by slashing capital allowances by about £3.5 billion a year. That would have a disastrous effect on British industry—particularly on manufacturing, and particularly on manufacturing in the west midlands.

Mr. McFadden: Absolutely. My hon. Friend makes a very good point. The right hon. and learned Gentleman talked about the business man in the midlands, but I recommend that he ask a few west midlands manufacturers what they think of the withdrawal of capital allowances for investment at this point in the economic cycle. That allowance is precisely the help that business needs to make investment decisions so that we can take advantage of the industrial change that I have described.

This debate is valuable and important, because the country faces a real choice about who offers the best path to recovery. Through the choices that the Conservatives have made, they have placed themselves against the co-ordinated action that Governments took and in favour of early withdrawal of support for our economies, and they have been silent on our industrial future. They have failed the test of judgment time after time, and through the stance that they have adopted they have shown that they would fail the test again if they had the chance to put their proposals into practice. For those reasons, I shall ask my colleagues to reject the Opposition motion and to support the Government's amendment, which offers an altogether better route to economic recovery for our country.

5.49 pm

John Thurso (Caithness, Sutherland and Easter Ross) (LD): I, too, welcome this debate, as these are extremely important issues. I particularly welcome the opportunity to discuss unemployment, which is the most pernicious effect of recession.

It is right to discuss not only what should be done in a crisis—what emergency measures are required—but what could and should be done to deal with unemployment in the longer term and what can be done in better times to increase employment. There are two different strands to that. The first and most obvious is to assist in the creation of sustainable jobs, which will be done only by businesses. Businesses, not Government, create jobs, and it is up to Government to assist in that process and not to get in the way. It is equally important to help to increase the employability of those who are unemployed and the productivity of the work force. Liberal Democrat Members have long recognised the need to confront unemployment and its social ills, unlike the Conservatives, who for 18 years felt, as Lord Lamont famously put it, that it was a necessary price to pay; I think that his actual words were "a price worth paying". We have a strong commitment to tackling the scourge of unemployment.

Notwithstanding what I regard as something of a Damascene conversion on the part of the Conservatives, I will support the motion and ask my hon. Friends to do likewise, because it is clearly important to support those who are out of work and, in particular, to ensure that enterprise is encouraged. However, I am not at all certain that the policies advanced by the right hon. and learned Member for Rushcliffe (Mr. Clarke) would deliver on the sentiments expressed in the motion; in fact, during his speech I almost changed my mind, but I will stick with where I started.

The current rise in unemployment is a direct result of the recession, which was caused by the banking crisis. Returning the economy to growth, restoring faith in the banking system and recreating financial stability are essential precursors to improving the economy and employment. It is impossible to have a debate on employment without alluding to the wider economic problems, as the right hon. and learned Gentleman and the Minister did. The first step was clearly to rescue the banking system. The Government made a reasonable job of that and deserve credit. Nevertheless, when the Minister castigated the right hon. and learned Gentleman for not agreeing on the nationalisation of Northern Rock, I could not help but noting that my hon. Friend the Member for Twickenham (Dr. Cable) said that that was the correct course of action four months before the Government got round to it. I suggest to the Minister that there was recalcitrance on both sides of the House at that stage.

The real test is how the recovery takes shape, particularly in the financial system. To use the metaphor coined by my hon. Friend the Member for Twickenham, the financial system has had a massive heart attack, has been in intensive care and stabilised, and is now in the recovery room, but whether the patient makes it back on to the streets and returns to a full and active life will very much depend on whether we accept that we should go back to the old model—a course of action that I would not hold with—or have a different model. The old model has clearly failed. It failed to act with reasonable prudence, failed to curb the excesses of lending and remuneration, and failed to distinguish between innovation and speculation. That system cannot be allowed to return; business as usual in the City is simply not an option.

Mr. Bone: Does the hon. Gentleman think that the Government missed a trick in that when the share subscription agreements were drawn up for £39 billion, they did not put any restriction on the pay of bankers?

John Thurso: I do, and I am even on record as having urged the Government to do that, although it may have been in the Treasury Committee rather than in the Chamber. The Government were, to a degree, taken by surprise, and the resource at the Treasury was not sufficient to undertake a great deal of extra work, so some of those details were missed out.

There is an argument—I will not go into it in detail—for narrow banking. Suffice to say that it is not about a difference between casino banking and utility banking but between the need to have commercial banks on the high street acting with prudence while allowing investment banks the freedom to take appropriate risk. Those two cultures do not sit sensibly in the same organisation, and they both work better if they are apart.

Rob Marris: The hon. Gentleman is echoing a proposition that was often put forward by the hon. Member for Twickenham (Dr. Cable) and I caution him as regards the bifurcation of the banking system. The broad consensus around the world is that, of the banking systems in advanced industrial countries, the one that survived the best and that is the most robust is the system in Canada, where there is no such bifurcation. The major banks there are in rude good health and work on both sides of the street, so to speak.

John Thurso: The hon. Gentleman tempts me into a debate on Glass-Steagall, but I will not go into that given the time available. Canada is an interesting example to study, not least because of the banking problems that it had already suffered and the regulatory changes that it had made. There are as many people in favour of narrow banking as there are those who take the opposite view. It is a valid discussion to have, but this may not be the place for it.

Mr. Redwood: Can the hon. Gentleman then explain why narrow banks—three mortgage banks—got into deep trouble? On the basis of his argument, they should not have got into trouble at all.

John Thurso: Indeed I can, but I will not be drawn into that debate when there is much else to say. I suggest that the right hon. Gentleman take a look at the Treasury Committee's report on the subject, which explains it extremely well; it is to do with the banks' business model and the functioning of the capital markets.

The purpose of financial services is not to spin round in self-interested speculation, but to serve commerce and industry by acting as an efficient channel between those who need investment and those who wish to invest. The argument that the City can simply go back to business as usual does not hold; its fundamental flaw is that the resource of capital has been wasted on speculation and needs to be applied to investment in sustainable growth. If we wish to grow sustainable employment, capital—both equity and debt—is required to be invested in sustainable enterprise.

The Government—no doubt their heart is in the right place—have put forward a positive blizzard of schemes. However, they range from what can only be called rank failures—the automotive assistance scheme is one of those, and the credit insurance top-up scheme has not done much—to the enterprise finance guarantee scheme, which is muddling along after a shaky start and has failed to reach many of the people that it should have done. No doubt that is because of the inherent Catch-22 that the people who turned businesses down for credit in the first place are the people who get to reassess them for it in the second place. I argued this time last year for an improvement and remodelling of the small firms loan guarantee scheme, which I believe would have been an appropriate response at the time.

Finally, the Government have put forward targeted assistance schemes such as the scrappage scheme, which have been successful. Overall, however, there has been a blizzard of schemes, and the hallmarks of them have been the press release announcing them, the lack of money spent and the failure to reach the businesses that need them. They have been at best sticking plasters, when perhaps stitches were required. I note from talking to the many companies in my part of the world that, interestingly, the single most effective measure has actually been the devaluation of sterling, which has set the economy working faster and better than anything else. Of course, that was unplanned by Government and carries with it distinct long-term risks.

There are other question marks to consider about the speed with which growth will resume. Not the least is quantitative easing and at what point the laxative should be taken away and the Imodium applied. Another question relates to the timing of the reversal of the fiscal stimulus. It is important that the stimulus is not removed until such time as the economy is capable of taking it. A third factor is the 17.6 per cent. cut in capital investment that will take place next year as a result of all the projects that were pulled forward to this year. I ask seriously whether the economy is ready for that.

Mr. McFadden: The hon. Gentleman has just said that he is not in favour of the fiscal stimulus being removed and that he is a bit worried about the trajectory of capital expenditure. Where does that sit with his party leader's support for savage cuts?

John Thurso: My party leader has pointed out, very honestly, that we cannot sustain the level of public expenditure to which this Government are committed over the long term, and that if we are to deal with the structural deficit, we will almost certainly need to cut public expenditure. Furthermore, he and my hon. Friend the Member for Twickenham have set out a range of possibilities as to where those cuts may come. It is wholly appropriate for those of us engaged in politics to say those things honestly to the people out there, rather than try to pretend that there is not a problem that needs to be dealt with over the piece. In my judgment, the electorate are far more intelligent than that and can well understand the problems that we face.

Notwithstanding the question marks that I have mentioned, we are indeed seeing the first glimmers of growth, and we need to make that growth sustainable. I wish to mention in particular the sector of small and medium-sized enterprises, which are the incubators of the future. We are a nation of innovators—we innovate and invent very well, whether in our universities and research laboratories, our workshops or the garden shed. We do innovation very well as a nation, but we do

badly in converting innovation into enterprise. We are not very good at converting ideas into commercial success.

One of the top points, if not the top one, made in every survey of SMEs, at least until the taxation issue came up, was that access to capital was the single biggest barrier that they faced. Some 51 per cent. gave that response in a 2006 survey. Sorting that out tops the list of requirements, because if we can get investment to the businesses that can deliver jobs, that will deliver growth.

I have made a proposal on that matter, which is based on three simple premises. The first is that in most parts of the UK, if not all, there is quite a lot of individual private wealth whose holders would really rather like to invest in enterprise, particularly locally, but lack the mechanism to do so. The second is that investment decisions are best made by investors and those in whom they wish to invest, rather than by Governments or officials. The third is that there is, however, a key role for Government to play in facilitating the creation of the mechanism for that. I have put forward a proposal for a local enterprise fund that would work on exactly those lines.

The second problem cited by SMEs is regulation. Since this Government came to power, the total regulatory burden falling on firms has grown by some £77 billion. It falls most heavily on the SME sector, and proportionately most heavily of all on the micro sector. To respond to the intervention by the hon. Member for Wolverhampton, South-West (Rob Marris) on the right hon. and learned Member for Rushcliffe, I could give three examples of regulations that I would abolish, but they would all be agricultural. I should not be drawn down that route.

Rob Marris: Go on!

John Thurso: Well, I would get rid of the regulations to do with the water directive, because of the impact that they have on whisky in particular; I would get rid of the sheep tagging regulations that are coming down the track and I would improve the system; and I would amend the slaughterhouse regulations to allow more British slaughterhouses to operate. The hon. Gentleman has succeeded in making me rise to my own fly, so I would not make a very good fish.

Actually, the problem is not particular regulations or the number of them; it is the burden that regulations place on a business to undertake administrative functions for the Government. The real burden has come from all the matters that were dealt with by Government 15 or 20 years ago but now require form-filling and all sorts of other things by businesses. The real benefits can come from working out the impact of that burden.

Gordon Banks: There has been a lot of talk this afternoon about the number and value of regulations, but surely the point is that regulation must be measured against risk.

John Thurso: Absolutely, and one of the most pernicious things in our culture at the moment is the fact that people seem to have failed to understand that risk is made up of two factors. It is the severity of the consequence multiplied by the probability of its occurrence. If that consideration were applied properly, many of the risks that people are asked to mitigate, at great cost, might well not affect them. I will happily discuss what has happened in my businesses with the hon. Gentleman after the debate.

Lorely Burt (Solihull) (LD): My hon. Friend speaks clearly about the disproportionate burden of regulation on small and medium-sized businesses. Does he agree that we might wish to balance the amount of risk with the size of a business? By definition, a small business will not be able to generate the same sort of volume as a large one.

John Thurso: My hon. Friend is absolutely right. A number of European countries already have that enshrined in their legislation. When I was running a business in Paris 20 years ago, there were clear distinctions between businesses that had fewer than 50 employees and businesses that had more. I would happily see that principle adopted.

My party made three proposals to deal with the problem in a policy paper that was published about a year ago. The first proposal is to strengthen the protocols on regulatory impact assessments to ensure that they are proper and robust, so that we have a real idea what costs are being introduced. Furthermore, to ensure that they are accurate, we should back them up with a post-implementation review to audit them.

The second proposal is to introduce sunset clauses on all regulation, so that as a matter of course regulations come back to Parliament to be debated again. Within that is a proposal for a strict concept of one in, one out, so that the overall burden does not increase.

The third proposal is to ensure, particularly for small businesses, that there is a single point of contact rather than a plethora of different inspectors arriving on different days. The right hon. and learned Member for Rushcliffe mentioned similar ideas. As he has so few researchers, may I suggest that, rather than reinventing the wheel, he just copies the ideas off our website?

Gordon Banks: I am not against the hon. Gentleman's suggestion—there is a real need for small businesses in particular sectors to know directly what affects them—but does he agree that it means that there would have to be sector points of contact as opposed to individual business points of contact?

John Thurso: That is a possibility, but it really depends on where we are to put the point of contact. I cannot believe that it is beyond the wit of man—I know of examples of this happening in other countries—to have, at local government level, somebody who is the basic point of contact. With the vast bulk of regulation, it is not terribly difficult to assess whether someone is generally compliant. If someone had a serious problem, they could be referred to specialist help, but the vast bulk of people are compliant. How much easier would it be if they had one person coming to see them to deal with everything, rather than having to disrupt their business on several days.

On taxation, which is a core part of the motion, I regret the increase in corporation tax for small businesses. I do not for one moment think that this is the time for that measure and I concur with the aspiration to lower headline tax while removing some of the ways in which it can be avoided. It is interesting to note that the average tax rate paid by FTSE companies, which can,

[John Thurso]

after all, afford to pay for a great deal of advice, is some 7 or 8 per cent. below the headline rate. That comes not from capital allowances, but from double dips through Delaware partnerships and strategically placed Jersey companies. The removal of some of those avoidance schemes would allow a lowering of the overall rate and probably, at the same time, an improvement to revenue. That would benefit everybody, particularly companies at the middle level, which cannot afford the same advice as other companies or take the action that they take.

The final part of the motion relates to benefits. I am afraid that I do not have the luxury of leaving it to a colleague to inform the House what the Liberal Democrats think about benefits, and therefore must do it myself. The concepts of an integrated approach to helping people back to work and the use of private sector companies were both put forward by my hon. Friend the Member for Northavon (Steve Webb) in a policy paper published two years ago, which has been put through our conference. Again, I welcome the conversion of the right hon. and learned Member for Rushcliffe to our ideas. However, as so often, the Conservatives grabbed the headline and missed the content. I cannot help but observe that it was the last Tory Administration who, for example, put the majority of those involved on incapacity benefit. The shift back is an interesting full circle to have travelled. I warn him that simply hoiking people off incapacity benefit and sticking them on to jobseeker's allowance is not at all likely to lead to savings in the longer term, and that there are better ways of getting those.

As I said at the outset, dealing with unemployment has two clear parts: ensuring that jobs can be created and that enterprise can flourish, and creating effective pathways for those who are out of work, to give them the best opportunities to return to work. The Liberal Democrats have long recognised both and have made detailed proposals, some of which I have been able to outline this evening. As those proposals coincide with the sentiment of the motion, we will support it.

However, the right hon. and learned Member for Rushcliffe began by calling for truth and honesty. I agree with the importance of those, so I say this to him: I well remember running a business in the last recession, over which his predecessor as Chancellor presided, and I must say that I see little change in the Conservative party today to make me believe that it has either the appetite or the conviction to implement the aspirations in the motion. In my mind, these are technicolour problems that cannot be dealt with by monochrome headlines. Businesses need stability and support, and the Liberal Democrats would certainly give that them that.

Several hon. Members *rose—*

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I must remind the House that Mr. Speaker has placed a 15-minute limit on Back-Bench speeches, which comes into operation now.

6.17 pm

Frank Dobson (Holborn and St. Pancras) (Lab): It would appear that today's debate has confirmed what was said at the Tory and Lib Dem conferences. The Tory answer to the black hole that the bankers have blown in the public finances is to cut public investment now and keep on cutting, and the Lib Dems turn out to be not much better—they want to savage public servants' jobs and freeze the pay of those who survive. Both the Government's main opponents are committed to slashing vital public services, which would throw more people on the dole. Those policies are neither sensible nor popular.

The Labour Government are right to spell out the truth of the situation and the principles that they are applying and will continue to apply. The truth is that the public finances are in a particularly bad way because of the money that taxpayers had to fork out to save the banking system, and because the recession caused by those bankers has slashed the amount of tax that is being paid into the Exchequer. For example, each person thrown on the dole costs the taxpayer at least £12,000 in benefits paid out and tax not taken in. Adding to unemployment adds to rather than reduces the debt. That is why it is necessary for the Government to ensure that they do not introduce any measures that cut spending at the moment.

In the end, the only sound, long-term way to deal with the deficit is to maximise the production of goods and services, which we are not doing at the moment. Some reductions in public spending may be necessary, but not until unemployment is falling significantly. However, debt can be reduced by increases in taxation and—dare I say it?—by inflation, which nobody likes to mention but which will be deployed against deficits by every Government in every developed country.

Here in Britain, the Government's response to the credit crunch has been exemplary. They set an example that has been followed by every country in the developed world. As the right hon. and learned Member for Rushcliffe (Mr. Clarke) denounced the Prime Minister, I can outdo him by quoting Paul Krugman, winner of the Nobel prize for economics, who said of the Prime Minister that he had acted with

"stunning speed"

and that his actions had

"defined the character of the worldwide rescue effort with other wealthy nations playing catch up".

Mr. Krugman also said that the Prime Minister's

"combination of clarity and decisiveness hasn't been matched by any other Western government".

Mr. Redwood: Will the right hon. Gentleman give way?

Frank Dobson: I will certainly give way so that the House can contrast what the right hon. Gentleman says with the wisdom of Paul Krugman.

Mr. Redwood: I was merely going to ask the right hon. Gentleman which taxes he thinks should be put up to tackle the deficit.

Frank Dobson: I assure the right hon. Gentleman that I will get on to that issue later in my speech.

We now need further exemplary steps. For a start, we must get away from this mad idea which dominates the news media, and dominated the Tory party conference, that the primary function of the Government after the forthcoming general election will be to reduce the deficit.

Some even seem to believe that the only function of the Government will be to reduce the deficit. The deficit is large and it will need to be reduced. But the function of the Government is to run the country; to provide safety and security for our people at home and abroad; to provide jobs; to encourage investment; to continue improving schools; further to enhance the care and treatment of NHS patients; to promote research and innovation; to develop a sustainable economy that reduces our contribution to global warming; and generally to promote peace abroad and prosperity at home. Against those functions of the Government, the need to reduce the deficit admittedly represents a problem and a constraint, but it is not by any stretch of the imagination the primary objective of the Government. That is why it is necessary to spell out further what would be different under Labour.

The answer must begin from a recognition that despite such Labour efforts as the minimum wage and tax credits—opposed by the Tories and the Liberal Democrats—and other initiatives such as Sure Start and nursery places for all, we still live in a society that is scarred by inequality. As Richard Wilkinson and Kate Pickett have demonstrated in their seminal work "The Spirit Level", inequality is a major cause of practically every ill that afflicts our society. These range from reduced life expectation through ill health, crime, violence, teenage pregnancies and reduced social mobility to general distrust and dissatisfaction, and they harm almost everybody, not just the people at the bottom of the pile.

Labour's public spending and tax policies must be designed to avoid the increase in inequality that would be caused by the Tory and Liberal Democrat policies—

Mr. Binley: Will the right hon. Gentleman give way?

Frank Dobson: No, I want to make progress and other hon. Members wish to speak.

Indeed, we must go further and take this opportunity to try to make our society fairer and more equal. The present situation presents us with a golden opportunity, because the overpaid bankers, currency speculators and tax-haven beneficiaries have never been as unpopular as they are now. Nearly everybody in the country knows that the City slickers have been paying themselves too much and that this should not be allowed to continue. Most believe that we should block the tax loopholes of the rich, and that everyone should pay their fair share. So tackling these inequalities, and the way in which the rich manage to fiddle their way out of paying their fair share of tax, would be swimming with the tide. When the Tory party opposes the necessary changes, as it inevitably would, it would simply confirm what we have always known—that the Tory party is not the party of the poor. It is not even the party of small businesses and real entrepreneurs. In reality, the Tories are, and will remain, the political wing of the finance industries. We should press for a worldwide levy on financial transactions, a Tobin tax, and devise ways to raise—

Mr. Binley: Will the right hon. Gentleman give way?

Frank Dobson: No.

We should devise ways to raise the present negligible taxes paid by hedge funds and private equity outfits. I will give way to any Tory who can tell me the name of any hedge fund that pays tax to the British Exchequer. No one stands up, because there is none—*[Interruption.]* No, if they cannot name a hedge fund that pays tax, they have no right to be here, unless they acknowledge that what I am saying is absolutely right.

In the meantime, a windfall tax on the financial profiteers is the least we must do to satisfy the people of this country—*[Interruption.]* There may be mocking laughter from those on the Tory Benches, but I am willing to go to any of their constituencies and advocate what I have just advocated. It would go down a lot better than any defence they could put forward on behalf of the people whom they really support. But we cannot stop there. We have to pluck up the courage to reject the neo-classical economic mindset of the financial establishment—the people who believed that markets always work, who rejected restraints and regulation and who said bankers could do no wrong. Those are the people who said that the state could do no right—as the Tory leader said in his speech to conference. What did those financial geniuses do when things went wrong? They immediately started sponging off ordinary taxpayers the world over to rescue them from the consequences of their own greed and stupidity. Besides grabbing too much for themselves, the finance bosses diverted, and continue to divert, capital from useful investment in the production of goods and services into speculation in worthless derivatives. They ended up destroying wealth, not creating it. Governments have to start representing the views and interests of the people who earn their living by providing useful goods and services, instead of acting like subsidiaries of the finance industries.

The credit crunch and consequent recession were not caused by the pay of dinner ladies, shop assistants, car workers, nurses, street cleaners or social workers. They were not caused by the pension entitlements of teachers or—dare I mention them?—postal workers. So it simply will not be acceptable to make them, and people like them, pay the price of the recession while those in the finance industries—the ones who did cause the recession—continue to coin it. We will all have to take some of the pain, but that will be tolerable only if the pay of the fat cats in the finance industries is substantially reduced, not just now but permanently. The people who caused the rest of us all this trouble should pay the price—the full price—of their failure. We must step up regulation nationally and internationally to ensure that the bankers, the auditors, the ratings agencies and the regulators never get us into such a mess again.

6.29 pm

Peter Luff (Mid-Worcestershire) (Con): I am now very glad that I came to this debate. Hearing the speech by the right hon. Member for Holborn and St. Pancras (Frank Dobson) has certainly taken me back a few years, that is for sure. How reassuring it was to hear an old voice reasserting itself in the Chamber. I have one simple question to ask him: who has been in power for the past 12 and a half years? Some elements of his analysis were right—for example, the ratings agencies have much to answer for—but who could have put that right over the past 12 and a half years? It was not us on the Opposition Benches; it was him, when he was in the Government, and his colleagues on the Government Benches.

Frank Dobson: Will the hon. Gentleman give way?

Peter Luff: With pleasure, but by the way, the reason why I did not intervene when the right hon. Gentleman asked his question about hedge funds was that I cannot name a single hedge fund. It was a pass, not a negative.

Frank Dobson: Can the hon. Gentleman give a single example of anyone from the Tory Front Bench calling for more regulation of the financial services industry in the past 12 years?

Peter Luff: I will happily send the right hon. Gentleman some of the excellent speeches by my hon. Friend the shadow Chancellor of the Exchequer, who calls for better and more effective regulation of the banking system all the time. Indeed, to jump ahead in my remarks, it was the incompetent reordering of the financial services system by the right hon. Gentleman's Government that contributed to the mess in the international economy, for which he has dared to have the cheek to criticise us.

Mr. Redwood: My hon. Friend might like to remember that in our economic policy review in 2007, we called for stronger cash and capital regulation of the banks and said that a massive credit excess was very evident.

Peter Luff: It seems that some of us were more prescient than members of the Government. That report was produced at the request of those on our Front Bench and they paid great attention to it. I am afraid that the right hon. Gentleman is wrong. However, I am glad that he took us back. I do not know how far—probably to the heady days of nationalisation in the post-war period.

Mr. Binley: Back to the 1930s.

Peter Luff: It was to the 1930s, 1940s. I am glad that the right hon. Gentleman took us back, because in his opening remarks the Minister sought to take us back to the 1980s. I am an old man, it seems, in parliamentary terms. I was brought up not in the '80s, but in the 1970s—a book published today by my good friend Lionel Zetter implicitly describes me as a grizzled veteran of the Major years. My formative experience was of the 1970s. I remember why the 1980s were so painful: it was the result of the mess that that lot on the Labour Benches made of the economy in the 1970s.

I remember being at university in Cambridge in the 1970s and being told that there was no future left for this country. There were too few producers and no manufacturing industry—the nation had gone to rack and ruin. It was the Thatcher years, painful as they were and mistakes made as they were, that saved the country. It is about time that the Government stopped criticising those years and instead gave thanks to a Government who saved this country from economic damnation.

I am probably being a little partisan for a Select Committee Chairman, but it is objectively true that, economically speaking, we face two huge crises in our society. First, unemployment is catastrophically high, as it always is towards the end of a Labour Government. Indeed, it has doubled in my constituency in the past year. Unemployment was not something that we had to worry about in Mid-Worcestershire, but now we do, thanks to the Government's incompetent management of our economy in recent years.

Secondly, the scale of the debt burden facing our children is truly horrifying. Indeed, it is a problem that will hang over the House of Commons for years to come. However, it is not down to the reasons that the right hon. Gentleman gave, but down to structural problems—that is, the constant seeking to spend and spend on things that people wanted over many years. That is the underlying problem. What Tony Blair's Government used to call the bills of economic failure—the bills for unemployment, debt interest and so on—will be massively higher in the next Parliament than those that he had the cheek to criticise us for back then. Therefore, I will take no lectures on debt either.

One of the two great deceptions practised by this Government has been to say that this recession has its roots entirely in the United States of America. It is true that the American economy is five times bigger than ours, so any problem on that side of the pond will necessarily have an impact five times bigger on the world economy. However, it is also true that all the mistakes made in the United States of America were made here as well. An excessive reliance on debt, sub-prime lending, poor regulation—all those mistakes were made here as well. This is a recession made in the UK and the USA. I therefore regret very much that the Government still seek to hide behind that pathetic excuse.

What is more, and what is so tragic, is that the Government pretended that they had ended boom and bust. That lured many innocent folk into making decisions about their investments that they would not otherwise have made—bankers tell me this endlessly. If there is one phrase that should act as the sad epitaph of this Government, it is "an end to boom and bust." Those of us who are students of economics know that that is absolutely impossible. That is the nature of the way the world works—it has been for centuries and it always will be. "An end to boom and bust" was an impossible claim, but it lured people into making very bad decisions.

Let me say in brackets that one thing that my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke) said in his opening remarks puzzled me. He said that this was not an economic debate. However, I see it very much as an economic debate. Indeed, it is a great shame that we have so few economic debates in this place. I do not yet know whether the Government have announced a date for the pre-Budget report, which will presumably come after the Queen's Speech. I appreciate that announcing dates in the next Session poses challenges, but I hope that there will be a debate this year on the pre-Budget report, which there has not been for many years. The Government are committed to such debates and it is important that they should be held, because scrutinising the economy is one of the two most important challenges facing our society—the other, in our view, is addressing our broken society. I therefore urge the Government to keep to their previously declared pledge to have debates on the pre-Budget report.

The Government often hide behind headlines, one of which is Britain's relatively high standing in the World Bank's "Ease of business" table. It is true that we have risen a place in 2009-10, from sixth to fifth, which superficially looks like a cause for cheer. However, the detailed breakdown of the figures that underpin that result show that a lot of the things that are done better are things for which the Government can take little short-term responsibility. However, where we have got

worse is, for example, on employing workers. We are now the 35th easiest country in the world for employing workers. That is a terrifying statistic. We are slowly but surely crawling down the league tables—on starting a business, for example, we were ninth last year, but now we are 16th. On the measures that are under the Government's control, therefore, we are getting worse in that ranking table.

What is more, we are being caught up by some worrying countries that understand exactly what is necessary to do business effectively. I went to Saudi Arabia with my hon. Friend the Member for Northampton, South (Mr. Binley) earlier this year, where we heard about the phenomenal attempts being made by the Saudis to move up those business tables. We need to watch out, because some unlikely countries are snapping at our heels. In 2004, Saudi Arabia was the 67th easiest country in the world to do business; in 2009, it had become the 15th. Now it is the 13th and it expects to be in the top 10 next year.

The world is changing fast. We have to move fast to adapt to it. Many of the old platitudes offered for years in this Chamber—about the need to deregulate, for example—can no longer be treated as platitudes. They have to be acted on with the utmost urgency.

Having said all that—and perhaps reverting more to the role of a Select Committee Chairman—I am also anxious that we should not talk down the success of what has been achieved. We still have a successful manufacturing sector in the United Kingdom. I would argue that it could have done better under different policies. Indeed, our manufacturing sector would be stronger if the Government had not fallen so in love with the financial services sector, but there we are: we are where we are. However, the manufacturing sector has grown consistently in most years. We produce more as a nation than we have ever produced, notwithstanding the current recession.

As my Committee pointed out in our recent report—a report that attracted no attention at all, because it was entirely constructive and often praised the Government—the UK is

"the world's sixth largest manufacturing nation…the eighth largest exporter of manufactured goods,"

and in 2006,

"25 per cent. of those goods were high-tech".

Indeed, we have the highest proportion of high-tech exports of any of our major competitors. In many ways we are doing extremely well. However, we need to criticise the Government objectively and fairly when we think that their policies fall short.

It is always disappointing when the Government react in a knee-jerk way to a Select Committee report. For example, the Secretary of State for Children, Schools and Families owes us more explanation of his reasons for rejecting the recommendation of the Select Committee on Children, Schools and Families than he gave in answer to today's urgent question.

Mr. Stephen Crabb (Preseli Pembrokeshire) (Con): My hon. Friend makes a powerful point about the need not to talk down the success of British manufacturing and about whether the UK manufacturing base would be doing better under different policy conditions. He will be aware that the manufacturing sector has been haemorrhaging jobs, with almost 2 million lost over the lifetime of this Labour Government.

Peter Luff: I want to caution my hon. Friend about this jobs argument, which is a double-edged sword. Sometimes those jobs are lost because of improvements in productivity. We are still producing more. That kind of talk risks a self-fulfilling circle of decline, which I am rather nervous about—indeed, that is one of the major themes of our report, which I shall come to in a minute. There are huge and exciting opportunities for young people in manufacturing, if they had them explained to them properly, but if we talk it down too much, our young men and women will not choose careers in those industries. I am therefore nervous about the jobs argument. It is not quite as strong as Opposition politicians have sometimes thought it was, when the main parties were on other sides of the Chamber, or as some think it is now.

On dismissing Select Committee reports, my Select Committee on Business and Enterprise produced quite a constructive a report about the automotive assistance programme. Strangely, that is not part of the Government's amendment, and I will explain why that might be if I have time. However, it was a constructive report, although one has, of necessity, if one is to get coverage these days in our rather simplistic media, to emphasise the negative, and we perhaps did that in our press release. The result was that Lord Mandelson told BBC News 24 on the day of publication:

"I am afraid the Committee don't know what they're talking about…Well, I'm equally astounded these MPs don't have a clearer idea of what's going on on the ground."

I was a little dismayed because I had hoped that he would regard our report as a constructive contribution that suggested ways in which the AAP could be improved.

My judgment was vindicated by the Government's formal response, which was published in September. It stated:

"The Government welcomes the Business and Enterprise Select Committee's report – The Automotive Industry in the UK…This is a valuable contribution to the discussions now taking place about the best way to support this critical part of the UK's manufacturing sector now and in the future…The Government thanks the Committee for their positive comments about this work and the commitment of Ministers".

That shows the danger of knee-jerk reactions, and I hope that the Minister will take back to Lord Mandelson, who I wish could be more accountable to this House, my slight warning that he should read things a little more often before he comments on them.

The Committee likes to give praise where it is due, and we have done that in our report. However, we have one warning, which echoes the words of today's Opposition motion. We say:

"Over the last year, the Government has produced a succession of strategy and policy papers related to innovation and industry. Their proposals cannot be implemented by the Government alone. All those involved now need to ensure that the emphasis is on the actual delivery of policies designed to support innovation, rather than producing further policy documents."

I sometimes feel that the Government think that saying the right words will achieve the right ends, but that is not always the case.

Often, by the way, the best schemes cost little or nothing. I am in favour of schemes that support industry, and many guarantee schemes never cost a penny or certainly cost very little. Even the scrappage scheme—it is a very good idea, and I argued for its extension—will

[Peter Luff]

cost the Treasury very little, because of the tax revenues that it generates. The best schemes therefore often do not need to spend large sums, and the debate about fiscal stimulus and supporting industry often echoes old and tired politics.

Sometimes, clever interventions cost very little. One example is the enterprise finance guarantee scheme. It is too limited, and the Conservative party's national loan guarantee scheme would have been a better and more generous option. It would have been easier to administer and would have had very few public expenditure implications, but, to be fair to the Government, their scheme has broadly worked. Expectations were perhaps raised a bit about how it might work in practice, but it has been quite a targeted scheme, as Baroness Vadera explained to the Committee at an interesting evidence session. Broadly, the scheme is delivering the goods after a slow start. That is certainly the conclusion of our report.

The Department for Business, Innovation and Skills has been effective in its dealings with the aerospace sector. The establishment of the Technology Strategy Board is a welcome step forward, as long as the board can remain reasonably focused on its core tasks. On the other schemes, however, the warnings about trade credit insurance have been continuous and vocal. Where are we with it now? The *Financial Times* has described the take-up as "paltry". On 27 August, it said that just £7 million of cover had been provided to 52 businesses. On 9 September, the answer to a written parliamentary question showed that the *Financial Times* figures were correct. On 26 July, a survey of 100 members of the Construction Products Association—construction has been one of the hardest-hit sectors in the recession—found that just one had taken advantage of the scheme, which the association's members had found

"very expensive with very limited cover".

That is an example of a well-intentioned scheme that was delayed for far too long and then implemented incompletely and imperfectly.

As for the automotive assistance programme, which does not feature in the Government's amendment, I suspect that the Government are a bit embarrassed about it. It was announced with a great fanfare of trumpets in January as a £2.3 billion scheme. That sounds like quite a lot of money, but under cross-examination from my Committee last week, the Department's permanent secretary admitted that it was actually a £400 million scheme, because that was the amount of the loan guarantee available to support the £2.3 billion of lending that the Government hoped would come forward. What is more, most of that £400 million should never be spent, because it is a guarantee—a liability. The scheme's actual expenditure is nugatory. So far, by the way, only one scheme has been advanced under the automotive assistance programme. It is for a loan—not a loan guarantee—of £10 million. Therefore, a £2.3 billion scheme advanced in January has provided one £10 million loan in the middle of October, which is extraordinary and extremely disappointing.

The Government perhaps did not think about the scheme properly before they introduced it. There was a gap between the AAP's £5 million lower level and the £1 million upper level of the enterprise finance guarantee scheme. The Government have now closed that gap, acting on a recommendation from my Committee. Their response to the Committee hinted at that new flexibility and things such as lower thresholds. Last week, however, the permanent secretary confirmed to our delight that the gap had been closed and that the AAP applied from £1 million up. The Government should be trumpeting that much more.

Whatever one makes of the merits of using taxpayers' money in effect to subsidise the private sector, and there are arguments about that, the French and German Governments moved much more rapidly to support their automotive sectors than the British Government did. The treatment of Jaguar Land Rover is still a matter of serious concern. The Government hold it up as a triumph that the company has gone back to the private sector for its finance, but the time and effort that it spent negotiating in good faith with the Government suggests that it was driven there by desperation rather than need. However, we are where we are, and I hope that JLR—a very important company—will now survive.

The AAP is an example of a scheme that was, in many respects, well intentioned, over-promised and late in delivery and which did not deliver as it should have done for a crucial sector. Equally, however, there are some good things in it, and I am grateful to the Government for their constructive response to our report, notwithstanding Lord Mandelson's initial reaction.

I still have high hopes for my own small measure for small businesses—the Small Business Rate Relief (Automatic Payment) Bill. I have a meeting with a Minister in the Department for Communities and Local Government on Wednesday, when she will explain the Government's latest thinking. I am still convinced that that is the kind of measure that would help small businesses, for which the odd £500 here and £1,000 there makes a big difference. I can see no overriding reason why the Government should not embrace my Bill. I warn the Government that the Conservative party is explicitly committed to embracing it in government. If the Government want to give the small business sector some good news, they should embrace it.

This is an important debate, and I hope that there will be more such debates. Some of the Government's schemes are very effective, but some are not. It is time for the Government to acknowledge the failings of those schemes and to address them.

6.46 pm

Mr. Michael Meacher (Oldham, West and Royton) (Lab): This must be one of the most remarkable run-ups to an election in recent history. We have the biggest crisis in British politics alongside questions about how to handle a deep and continuing recession, what caused it and how to prevent any recurrence. Yet, most people believe that the policies that are obviously required are still not being pursued or even debated.

As we all know, the country has been held to ransom over the past two years by the City of London—I am glad to see the right hon. Member for Wokingham (Mr. Redwood) nodding at that. The City's members and institutions spent two decades blowing up the most reckless, greedy and self-seeking financial bubble, and when it burst, they demanded a bail-out and guarantees

against the failure of their speculation from the Government and taxpayers. That burst bubble could still cost the country up to 10 per cent. of its GDP.

What is worse, now that the crisis has eliminated a good deal of competition in the banking sector, bankers and the finance sector are rewarding themselves, as we see every day, with bonuses that use Government bail-out funds. The situation is stoked further by the Government's ultra-low interest rates, quantitative easing and the huge market for Government gilts.

In that context, the Conservative party has launched one of the most audacious displays of the game "blame the victim" and is demanding that the poor, the homeless, the unemployed, single parents, public sector workers, the elderly and the ill pay for the disaster through cuts in public spending. However, it should reflect on the fact that the private sector depends heavily on public spending for its own recovery.

That fixation afflicts both parties. Of course, the Tories have made it clear that they will clobber public services and shrink the state, and the financial crisis has given them the perfect excuse for doing what they always intended to do anyway.

Mr. Redwood: Will the right hon. Gentleman explain why the Government gave all that subsidy to the banks and bailed them out when they should have told them to toughen up and sharpen up, acting as lender of last resort only in extremis?

Mr. Meacher: As the right hon. Gentleman knows very well, a crisis of global proportions developed almost overnight as a result of the error that was made in September 2008 with the dismemberment of Lehman Brothers. Credit should be given to the Prime Minister, who came forward with a plan that other world leaders and world economists have agreed was necessary. That is why that happened, and I think that it was right.

I was saying that the Tories want to pursue the policies that we always knew they would pursue. Sadly, the Lib Dems—or, at least, their leader—have called for a policy of savage cuts. Even the Government are now trumpeting the fact that they have a plan to halve the deficit over four years. That appears to mean a cut of up to £80 billion, which is roughly one sixth of total Government expenditure. And the International Monetary Fund, which has always advocated increasing the privatisation of health services in the UK, is now demanding cuts in public health care and public pensions. Not for the first time, we have the extraordinary situation in which all the political parties and international supervisory institutions are, sadly, united in pursuing policies that most people see as wrong and misguided.

Mr. Stewart Jackson (Peterborough) (Con): Will the right hon. Gentleman give way?

Mr. Meacher: I will; this is the second and last time that I will do so.

Mr. Jackson: Is not there a void at the heart of the right hon. Gentleman's argument? Over the past 12 years, he has consistently voted for increased expenditure on public services, knowing that the compact that the Government had made with the City and banking meant that the tax revenues would continue. He was happy to vote for an increase in that tax revenue to fund public services, yet he is now criticising the generation of that wealth in the City.

Mr. Meacher: I think that the hon. Gentleman might be overstating the contribution of the City of London; many people do. The value of the capital gains tax and corporation tax revenues from the banks is about £25 billion. That is a lot of money, but, set against total Government revenue, it is relatively small. Furthermore, if the consequences of supporting and underwriting the banks when the bust occurred are what we are now seeing, that will have been an extremely poor investment.

Mr. Binley: Will the right hon. Gentleman give way?

Mr. Meacher: No, I will not, because I would be cutting into my own time. Much as I respect the hon. Gentleman, I prefer, now that I have the floor, to keep it.

There are two ways of tackling the deficit, which is, of course, reducing Government revenues through rising unemployment and increasing Government expenditure through social benefits, including the so-called automatic stabilisers. Those activities are in turn ballooning the budget deficit. We all know that that is the problem. One way of dealing with the deficit is to tackle the supply side of the equation by drastically cutting other Government expenditures across the board. The other way is to tackle the demand side of the equation by initially spending more, not less, in order to put in place massive public investment programmes across the country, to get a large and increasing proportion of the population back into work. That is clearly right.

The first way was the policy that was ruthlessly pursued by the Bank of England under Montagu Norman in the infamous 1930s. The second was the approach adopted by Roosevelt in his 1933 new deal and, increasingly, after the war, by western Governments across the spectrum until it was discarded by the Thatcher-Reagan neo-liberal counter-revolution in the 1980s. That is the capitalist model of market fundamentalism, which is now bust. The second policy is unquestionably right, for several reasons. At the most basic political level, people are asking why the public sector, which contains many of the poorest workers in the country, has to take any hits at all, when the credit crunch crisis was caused exclusively by the bankers and the super-rich. I imagine that even Conservative Members have had that question put to them.

There is another, much more profound, reason on which I prefer to concentrate, however. The real economy—main street, as opposed to Wall street and the animal spirits in the City of London—is still sinking, as revealed by the fact that joblessness, repossessions and bankruptcies are continuing to rise, albeit more slowly. This continues to reduce the overall level of demand throughout the economy, and in these circumstances, further massive cuts in public expenditure will simply turn a bad recession into a deep slump. That is the fundamental point that Labour Members continue to press very hard.

There are two crucial considerations to confirm this view. First, there is ample historical evidence of the consequences of following a budget-cutting policy. As I said in an intervention on the right hon. and learned Member for Rushcliffe (Mr. Clarke)—who gave a long

[Mr. Meacher]

historical discourse but did not answer my point—the Japanese Government, against the background of a precarious economic recovery at the end of the 1990s, raised their sales tax and made cuts in public expenditure in order to lower their budget deficit. That is exactly the argument that is being made today. That precipitated a second, deeper slump, which is, sadly, still in place in Japan today.

Even more relevant is the example of Roosevelt, who came to office in the US in 1932 and launched the new deal, involving a massive public works programme that initially brought down unemployment quite significantly. People do not often remember, however, that he was instinctively a balanced budget man, and, in 1935, he lowered public expenditure and edged up taxes, with the result that unemployment started to rise again. He was then forced to reverse engines. The only thing that finally brought down unemployment in the United States was war expenditure.

A crucial point that has not yet been mentioned in the debate is that the current ratio of Government debt to gross domestic product in the UK, although high, is still the second lowest—after Canada—in the G7. That indicates that there is certainly no cause for a panicky, counter-productive orgy of cuts. The IMF estimates that, even in 2014, when gross debt might peak—we shall see—the UK debt-to-GDP ratio will be 87 per cent. It estimates that that of France will be 89 per cent., that of Germany will be 91 per cent., that of the US will be 106 per cent., that of Italy will be 129 per cent. and that of Japan will be 234 per cent. I could add that, during the second world war, Britain's debt-to-GDP ratio rose to 250 per cent. I do not think that anyone disagreed with the proposition that that was necessary at the time. By the 1950s, however, it had fallen to below 50 per cent. without any programme of systematic cuts. Indeed, that was achieved by a huge programme of public expenditure expansion to promote employment.

So, what is obviously needed is a huge public investment programme of job creation in housing, which has been terribly neglected, in infrastructure such as rail extension, which I hope we are now getting round to, in manufacturing, in energy conservation, in skills training, in public services, including social care of the elderly—which would certainly offer a lot of employment—and in the greening of industry. That would turn around a budget deficit far faster and more effectively than hugely painful cuts in public services. I am sure that Opposition Members do not believe me, but perhaps they will pay attention to Martin Wolf, the financial guru at the *Financial Times*, who said recently in the FT that the public debt crisis was a myth. He said that a normal economic recovery would resolve the problem, and that widespread cuts would create a crisis. Amen to that.

So how do we pay for this? That question has already been raised. Now that the City has gone back to business as usual, with its paying of bonuses and its colossal profiteering, a windfall tax could be levied on its ill-gotten gains, as my right hon. Friend the Member for Holborn and St. Pancras (Frank Dobson) has said. I think that the vast majority of people in this country would agree with that.

Also, let us be honest, we will need to cut public expenditure where it is ineffective, wasteful and unnecessary. That is why we should cut the £75 billion Trident renewal programme, which even the chiefs of staff now admit is irrelevant; the £10 billion-plus—whatever it is—ID cards that are not, according to their originators, "fit for purpose"; and the vast Government IT databases, which are costing tens of billions of pounds and are constantly leaking. We need to add a real crackdown, which the Government are starting to do, on the hyper-rich individuals and mega-corporations that squirrel away a sum that even the Treasury admits is somewhere between £13 billion and £25 billion a year.

At present—I have to say, by contrast—economic policy making has got rather stuck in a groove. Both new Labour and the Tories, for the same ideological reasons, have refused to nationalise the banks, which would have been far cheaper than bailing them out at a potential cost of nearly £1.5 trillion, and would have been a far more effective way of achieving control over the banks and their functions. Both new Labour and the Tories—again, for the same reasons of "hands off the banks"—have opposed forcing them to lend to businesses and home owners, which was of course the ostensible reason for bailing them out in the first place. Both parties refused to impose any significant regulation on the banks—here I very much agree with my right hon. Friend the Member for Holborn and St. Pancras—even though their greed and recklessness has nearly capsized the entire world financial system. Now, to cap it all, it seems to me that both parties are competing in this fixation on public sector cuts—mugging the victim, not the culprit.

What is really needed in order to shorten the recession and prevent unemployment rising even beyond its current 15-year ceiling of £2.5 billion is to require the banks—requiring them is something that we have not done; I simply cannot understand why not—to switch from their current policy of consolidating their balance sheets, which they have already done to a significant degree, to raising their lending substantially to businesses and home owners. It is the lack of credit for businesses, particularly small businesses, that is at the continuing root of rising unemployment.

The Government's own M4 money supply figures, which measure lending, show a catastrophic fall from annual growth of 20 per cent. in early 2007, just before the credit crunch, to nil today—indeed, they are actually negative, which means that the banks are now extracting more from their business clients than they are lending to them. The top management of the part-nationalised RBS and Lloyds groups should, in my view, be instructed to make that change as an immediate priority, with published quarterly reports to demonstrate that the policy is working, particularly in respect of lending to small businesses. That is the one area where I have some sympathy with the terms of the Opposition motion, as we need to do more in that respect. The best way of doing so is the way I am suggesting. I believe that any failure to comply should lead to a change of management. That, plus a huge public investment programme, as I have said, would absorb a very large number of the unemployed.

What is certainly not needed is a fire sale of public sector assets or the shadow Chancellor's pay freeze for 5 million public sector workers, which will again lower aggregate demand and prolong the slump. What really takes the biscuit is the gall of the Leader of the Opposition, who told the Tory party conference that it was "more

government" that has got us into this mess. Well, anyone—surely even a Tory, even him—can see that what got us into this mess was market fundamentalism, the doctrine that the market always knows best. *[Interruption.]* The Government had a role in preserving the banks and the economy, and it was actually the Government who ensured that global capitalism remained. To dismiss the role of the state, as the Leader of the Opposition did, is an extraordinary perversion of the truth, which will be noticed by many people in the country.

Several hon. Members *rose—*

Mr. Deputy Speaker: Order. Having done some simple mathematics in order to be as helpful as possible to hon. Members, I propose that, after the hon. Member I am about to call next, the time limit comes down to 12 minutes.

7.4 pm

Mr. John Redwood (Wokingham) (Con): I remind the House that I am involved in business in a global manufacturing company and I am an investment manager of a company, but I am not, of course, here to speak for those companies.

Like most Members, including my right hon. and hon. Friends, I come here because I want my country to be prosperous. I come here because I want there to be more jobs, not fewer. I come here because I am appalled by the tragedy of unemployment that we see in our streets in our towns and villages today. I am appalled by the devastating impact that both domestic and global errors of policy have made on our economy and our country.

What I find most difficult to accept is hearing Government Members suggest that Conservative Members are here to argue the case for the banking industry, that we take great delight in having to cut public spending or that our motive is to have more people out of work or to make the poor suffer more. On the contrary, we are here because we want more opportunity and we are here because we want a wealthier and more prosperous people. Our recommendations to the Government come from the heart and from our experience. Surely Government Members can see that it is they who have messed it up: they should be a little more contrite; they should listen more and lecture less; and they should understand that this country needs many changes in order to give more of our people more of a chance.

We have heard a lot from Government Members about Japan, but they have misunderstood the history and the economics. They say that Japan cut spending, which created a 19-year recession, yet the right hon. Member for Oldham, West and Royton (Mr. Meacher) said that Japan has the biggest accumulated Government deficit and biggest stock of public debt in relation to the size of its economy of any major country he spoke about. Quite right. It does, and the reason it does is that it has had fiscal stimulus after stimulus year after year for 19 years—and they have not worked. Labour Members need to ask why they did not work. They did not work because that country did not mend its banks. If the banking system is not mended, throwing more money into public capital and into public works does not create a prosperous economy with many more people at work; it creates bigger problems.

If Labour Members cared to look at Canada, they would see that the country got into such a public deficit mess some years ago that it had to put through massive cuts on a scale that none of us would like to see. After that was done, however, the economy performed extremely well. The Canadian economy has got through this world crisis so much better than the British economy in part because its public sector is in better shape and making fewer extraordinary demands on its economy. If we look at the Australian economy, there has been no downturn at all. Again, sound public finances are part of the Australian response to the crisis.

Even the United States, which some people very stupidly try to blame for the whole thing—when, as my hon. Friends have said, this is a British problem made in Britain as well—has had a gentler downturn than the UK's over the last year, largely because of the strength and depth of the American economy and the Americans' refusal to go to the extremes of policy response that the British Government have adopted. The American Government did not subsidise and put as much public money at risk in their banks, relative to the size of the economy, as we did.

The problem Britain faces and the reason we are doing so badly relative to many other countries around the world at this time of danger and difficulty is that we have the worst treble crisis of all the major countries. Yes, we have the excess credit from the easy money days, the bad monetary policy days, of 2003 to 2007, when policy mistakes by the Government and the Bank of England allowed and fuelled a mighty boom in private sector credit. Yes, we also have the worst problem of all major countries with our Government deficit. On top of the over-borrowing in the private sector, we are now heaping unbelievable amounts of extra debt on taxpayers through the public sector. We then have the third deficit—the banking deficit—where, quite wrongly I believe, the Government decided to force the effective nationalisation of two of our largest banks when they could have seen them through at much less cost and risk to the taxpayer.

Again, I deeply resent the way in which, in the past, some Ministers have tried to suggest that I wanted to bring the banks down, as if that would be a good thing to do. Of course no sensible person would have wanted our major banks to go down. What we wanted—what I wanted—was for Ministers to do a better deal and to be ahead of the game. We wanted them to regulate the banks effectively when they could have been pulled back from the brink, rather than taking them over the brink and then lumbering the taxpayer with so much risk and so much extra cost.

We did not need to draw Lloyds into HBOS, but the Government decided to do that. We did not need to allow the mega-mergers that created RBS, but the Government decided to do that, perhaps for Scottish reasons. We did not need to go public with the view that the banks were weaker than they should have been, which was bound to starve them of access to money markets and capital markets—the access that they needed—and then force them on to the taxpayer, who now carries far too big a burden.

In order to create the jobs that I think any sensible Member of Parliament wishes to see, and in order to ensure a recovery in the United Kingdom that is much more vigorous and faster—not as fast as the recovery in China, which has been in progress for many months and

[Mr. John Redwood]

is doing extremely well, and probably not even as fast as the recovery in more broken America, but faster than any recovery that we are likely to see at the moment—the first thing that the Government need to do is go back and help to mend the banks. Nothing will work properly in this country until the banks are sorted out.

We have two mighty banks with combined balance sheets of £3 trillion—twice our national income—which are hobbled. They are hobbled by the regulations imposed on them, because, most extraordinarily, the Government and the regulator have decided to tighten the cash and capital rules at the bottom of the cycle, having failed to tighten them when some of us asked them to do so as we approached the top of the cycle. So we have pro-cyclical regulation. We are making the problem worse at the peak by making it too easy, and we are making it worse at the nadir by making it too tough.

In my opinion, the reason for that asymmetric regulation is quite clear. The Government are following an election strategy, not a recovery strategy. The election strategy is about spending as much as possible in every way in the public sector while knowing that that cannot be sustained beyond the election. It is about assuming that a future Government, if there is a change of Government, will obviously have to make cuts because that level of spending is not sustainable. If by some miracle the Government got away with it, they would say "Of course we had to make some adjustments, because the Treasury officials suddenly told us that none of the arithmetic worked."

Far from fuelling a better recovery—far from offering hope to all the people who have lost money and jobs in the private sector—that strategy is doing the opposite. We have a completely lopsided economy. We have a public sector that is still taking none of the hit and none of the pain, and a much bigger private sector that is suffering, anaemic, emaciated and under pressure because the banks cannot lend it the money that it needs, and there is not the necessary demand to create that money through the turnover in the businesses.

David Taylor (North-West Leicestershire) (Lab/Co-op): The right hon. Gentleman says that the public sector is taking none of the hits and none of the pain. Which parts of the public sector does he think should take some of the hits and some of the pain? Could he identify one or two of them?

Mr. Redwood: I should like to see it start from the top. The fat cats in the public sector, the excessive bureaucracy, the regulation that does not work, the unnecessary quangos, the people on the six-figure salaries: that is where we should start to slim down the public sector, because it is an affront to everyone else who sees the very different standards that apply to the private sector and the public sector in this world.

I am not someone who believes that it is a case of "public sector bad, private sector good"—although a fair number of Labour Members seem to believe that it is a case of "public sector good, private sector bad" in every instance. The world is much more complicated than that, and, like many Members, I am proud of many of the great public servants and public services in my constituency and elsewhere in the country. But if the Government still cannot see that the public sector overall is inefficient, bloated and in need of substantial treatment, they really are not fit to govern. Their own Ministry of Defence recently produced a damning report describing how much waste and incompetence there is in defence procurement, and that is the only Department on which they have put any downward pressure over budgets in recent years.

The biggest cuts in public spending that I want to see are cuts in welfare payments because people have gone back to work. We cannot afford the welfare budget at its current level. We need a much more active policy—which I am sure my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke) will recommend—to enable us to spend the money more wisely, so that we can get more people into jobs more quickly and do not have to sustain this massive burden.

Another big cut that I want to see is a cut in interest rates. The interest rate burden is escalating out of control. If we are not careful, the interest programme will not just be bigger than the defence budget, but will be bigger than the budgets of some of the even larger and more important Departments of State that are more valued by members of the Government. We should be very worried about the way in which the interest rate burden could so easily get out of control.

There can be no sustained and sustainable recovery unless we ensure that there is a fairer balance between the public and private sectors. There can be no sustained recovery while people continue to be alarmed by the scale and rate of the increase in the deficit. That has an impact on confidence: it means that people hold back from business investment or spending. They know that there are tax increases around the corner from this Government, because the deficit is so implausible. They know that there will be rises in interest rates, because once the Government stop the quantitative easing—once they stop printing the money that they are now spending in their public sector—interest rates have only one direction in which to go.

People are going to say "We do not think we should lend to the Government at 1 per cent. for a short term, or at 4 per cent. for a very long term." Given the risk posed by the Government—given the enormous scale of the deficit if it is not curbed and controlled—they are going to want a much higher rate of interest. The Government may then reach a point at which their interest rate costs and programme become completely out of control. The rates will rise not only because they are borrowing too much new money, but because each time they re-finance their debt they are re-financing it not at 3 per cent. or 4 per cent. but, perhaps, at 6 per cent. or 7 per cent. The arithmetic then becomes quite shocking and terrible.

So what should the Government do if they really want a recovery? First, they should change the regulation of the banks so that the banks have some scope, given their current capital and cash position, to lend to the private sector. Yes, that will mean laxer regulation for a bit while they get the thing going again, but there will be no problem with that, because the two weakest banks are state-aided and state-supported. People would not lose confidence in them if they took such action, and it is the sensible thing to do now. As my Front-Bench colleagues have pointed out here and at the party conference, allowing the banks to lend a bit more to the private sector means having to start adjusting the deficit in order to create a bit of room and a bit of balance between the public and private sectors in our economy.

How do you mend banks? Well, Mr. Deputy Speaker, as you own two of them—you and all the rest of us, and the Government as our representatives—it is much easier to sort them out. As shareholder, as the dominant influence on that bank, it is the Government, as our representative, who hire and fire the directors and senior executives. It is the Government, as the shareholder representative, who should be monitoring the cash and capital, and ensuring that they are happy with their rather ill-founded investment on behalf of the taxpayers.

What would I do if I were the Government trying to sort out those banks? First, I would go in tomorrow and tell them that there would be no bonuses for senior executives and directors until they became profitable and were returning to the private sector. I would tell them that I did not want to return Royal Bank of Scotland and Lloyds HBOS to the private sector in their current forms. I would tell them that they would be split up, and I would want plans on my desk as soon as possible to create half a dozen banks in the United Kingdom out of the two massive banks that we have. If they did not like it, I could say "In that case, we will negotiate with you the withdrawal of all subsidy and support from the state, because we do not accept this position. We think that there is not enough competition and choice in the banking sector, we think that you cannot run such a big organisation as this, and we think that we need to split it up and make it work rather harder for its living."

There was not enough competition in the banking market before the problems that the authorities helped to create in 2007 and 2008. Now there is even less, because of the actions that they took over Lloyds HBOS, and the actions that they took over the three mortgage banks that they failed to regulate properly and that also got into considerable difficulties. The Government should be alarmed that there is so little competition in the banking market, because without that competition there will be no loans for anyone who wants to run a reasonable risk—there will only be loans for people running practically no risk at all—and there will be no loans at sensible prices for the private sector. I do not know whether Ministers are aware of this, but interest rates and charges have gone through the roof because these banks, knowing that they now have oligopoly in the market, know that they can get away with charging the earth and nobody can stop them. All the time that position remains true there can be no virile, decent, strong recovery in Britain. All the time that remains true, our trend rate of growth will not be the 2.5 per cent. that we always said, or the 2.75 per cent. peak of the market forecast from the Treasury. It will not even be 2 per cent. I hope there is a recovery in the next few months—there may well be as the figures we are comparing with are so bad it would be stunning if there were not—but in no way will we get back to even 2 per cent. growth unless the Government mend the banks and sort out the public sector.

7.20 pm

Ms Sally Keeble (Northampton, North) (Lab): The title of the debate is "Economic recovery and welfare". So far, there have been a lot of history lessons about the economy but not much attention has been given to the welfare aspect of the debate. That is what I want to talk about, however, because as we come out of this recession it is becoming clear that it has changed social attitudes and the reality of life for lots of families, and I want to look at some of the policies needed to meet the challenges.

Before doing that, however, I wish to address a few other points, in particular some made by the right hon. Member for Wokingham (Mr. Redwood). He was completely wrong to pit the public against the private sector as there is now a recognition that both sides of our economy and society must prosper for the whole to prosper. The days are gone when people might say, "The public sector must bear the pain like the private sector has done." Most people recognise that in the current difficulties the public sector is providing a welcome cushion for many families. They also accept that there has been substantial investment in the private sector, both through the variety of schemes that have been introduced—and which the right hon. Gentleman criticised—and the intervention in the banks, because that has also been support for the private sector.

The right hon. Gentleman's analysis of the banks is also completely wrong. I do not want to discuss that in detail as the Select Committee has produced a report on it. However, hearing him talk about what he would do in respect of the banks made me think that he should be sitting on the Labour Benches because his recommendations sounded like old-fashioned nationalisation and intervention by big Government, whereas what the current Government have rightly done is set up an arm's length mechanism to run the banks in the private sector. One of the criticisms from the Select Committee is that it has not been arm's length and independent enough. I would like United Kingdom Financial Investments Ltd to be much clearer about its mandate and the way it deals with bonuses, but I think the Government approach to dealing with the banks is right.

Mr. Redwood: How can the hon. Lady justify to her constituents paying multi-million pound bonuses out of loss-making businesses subsidised by the taxpayer?

Ms Keeble: I have just said that I would like UKFI to give a much clearer mandate on issues such as bonuses. However, I have defended to my constituents the fact that if the Government had not stepped in to support the banks when they did and the banks had collapsed—some people did say, "Let them go to the wall"—my constituents would now be in a much worse position. I am happy to argue that out, while also, of course, arguing about the need for tighter limits on bonuses and other action in that regard.

The public debate on the current recession has been remarkably different from that on previous ones, such as in terms of the idea of unemployment being unacceptable. The hon. Member for Caithness, Sutherland and Easter Ross (John Thurso) said he thought this was a conversion on the part of the Conservative party. I think that that conversion was driven by the fact that it saw where public opinion had moved to, and decided it had better move there as well, and quickly. All of us saw in the recessions of both the 1980s and the 1990s people being shipped wholesale out of work and on to the dole and being told that that was a price worth paying, and the only debate was about how much they should receive in social security benefits. The welfare state became a sort of opium of the masses. Rightly, the debate is now about how we stop people becoming

[Ms Keeble]

unemployed in the first place. I applaud the steps businesses in my constituency have taken to keep people in work, recognising that that is a national priority. Pressure is bound to come on the public sector, and I hope that when that happens public sector organisations and employers will be as creative and inventive in making sure that they keep people in work. They should look at shift patterns and different ways of flexible working to maintain employment in the public sector.

The situation is the same in respect of housing. There are fewer repossessions now than there were in the 1990s recession for the same reason. Mortgage providers have been forbearing in taking action over arrears. The Government have also provided some support, and while there has not been huge take-up of some of their measures, the total effect has been to keep people in their homes, and there has been a recognition that that is where the national interest and priority lies.

The situation is also the same in respect of training and what happens to young people. It is now accepted that we need a high-skill work force and that that involves young people staying on in education. We have the education maintenance allowance to support them in that. That has led to a quantum leap from what previously happened to young people.

I want to talk about the future, and I shall do so by discussing the findings of a report entitled "Northampton families and the recession"—I shall give the hon. Member for Northampton, South (Mr. Binley) a copy if he does not already have one. It picks up on some research that I and others did in my constituency and looks at what has been happening to families and at what kind of welfare state and welfare system we need as we move out of recession. I shall pick up on a few points from that. I also hope that I might have a meeting with Ministers to talk about them.

The first point is that as a result of the recession more women are moving into full-time work while men are moving into part-time work. The women are saying they are the breadwinners, and men are becoming more involved in supporting families and child care. One of the consequences of that is a need for a different approach to flexible working so women can in some instances pursue their full-time careers while men are supported if they are more involved in child care at home. It must also be ensured that women being the breadwinners is a wholly good thing, rather than this really being a consequence of employers laying off expensive men and employing women at a lower rate. We need to understand what is happening and make sure women are getting paid at the right rate.

Another factor the report brought out was that the fear of losing jobs and of unemployment is not the only big problem for families in the recession, but so too is losing working hours—losing shifts and overtime rates. The impact on family incomes is more substantial than the unemployment figures—tragic though they are—would lead us to believe.

Another fact that came out of the report is just how many families are dependent on tax credits. The Conservative party position on this issue is completely wrong. Several hundred families took part in the survey, and 60 per cent. of them were dependent on tax credits. That is an astonishingly high proportion. As we move out of recession, we need to ensure that we have policies that support families in employment—in different patterns of employment—and that we can maintain living standards for families who are facing loss of work hours.

The report also found that people were hugely concerned about what would happen to their pensions. As women move into full-time work and men into part-time work, their pension entitlements cross over, and people understandably therefore become concerned about their future security of income in retirement. I hope the Government might look at some way of allowing people to pool their pension entitlements in the way they can pool their working hours so they get their tax credit entitlements. This is a complex point, but perhaps I could discuss it with Ministers after the debate? It is about couples being able to save for their pensions together just as they might pool family incomes and working hours for tax credit purposes.

Overall, the biggest concern that families had was about their children and specifically youth unemployment. Their worry is that, once the economy picks up, their children will be the last to get back on to the employment ladder. One issue that arose was children's ability to stay on at school, particularly when their parents are hit by unemployment. The education maintenance allowance, important though it is, is based on the parents' income over the last year. If their income has gone down in the last year because they have lost their jobs, such families cannot get EMA just when they most need it, to keep the children on at school. I hope that my hon. Friends on the Front Bench will look at a way of ensuring that EMA can become a real-time benefit based on families' present, rather than past year, incomes, so that we can ensure that people do not feel anxious about whether they can afford to keep their kids on at school and whether they can get the qualifications they need and the jobs they want.

The shape of the global economy and of the banks will of course change. I do not agree that we should break up the banks, but they will undoubtedly change. We also need to realise that as a result of this recession, just as happened with previous ones, the situation for our families will change and they will look for a very different kind of society. It is important that all our policies—not just economic, but welfare and education policies, for example—are changed to support families in what will be a very different society and economic age.

I hope that my hon. Friends on the Front Bench will deal with some of those points and look more closely at some of these suggestions. They came out of the direct experiences of families in my constituency, which were examined over a six-month period so that I could understand this issue and explain exactly what impact the recession has had on them.

7.32 pm

Mr. Stephen Crabb (Preseli Pembrokeshire) (Con): I am grateful for the opportunity to speak in the debate. In terms of welfare support—how we protect individuals and families and prevent them from slipping through the net during what I believe will be a long, slow slog back to the robust conditions that can create jobs in the private sector and sustain economic confidence—the recession is going to throw up major challenges for our country.

I do not believe that this Government have much to offer the people who are currently hurting. Do not take my word for it, Mr. Deputy Speaker: I recall the words of the former Labour Minister, the right hon. Member for Birkenhead (Mr. Field), speaking in this House on 17 March during Third Reading of the Welfare Reform Bill. He said that the Bill

"totally ignores the new poor: people who are already registering at jobcentres and who are desperate for work, scrambling for jobs, and willing to downsize in terms of the jobs and the wage packets that they accept because they think that work is so important. What does this Bill offer them? It offers them nothing."—[*Official Report*, 17 March 2009; Vol. 489, c. 874.]

This Government have little to offer those newly unemployed and newly hurting in this recession—those who know the value of work and who might never have had reason to go into a jobcentre in their lives before. What, too, about the millions of people living in households where there has been no history of work for perhaps two or three generations, or the people who come back in front of jobcentre staff time and again, caught in the revolving door of moving between work schemes and benefits, and back into temporary work and then to benefits once more?

Even before this recession, the British economy was labouring under a truly massive welfare burden. In the past 10 years, the cost of welfare spending has spiralled upwards by close to £100 billion, with millions of people who could be working and creating wealth not doing so. We are talking about the millions of people often living on housing estates blighted by educational failure, worklessness, dependency on benefits, crime, and antisocial behaviour and substance misuse. In Britain today, more than 2 million children are being brought up in households in which no one works, and many of them when they reach 16 will join Britain's expanding pool of NEETs—those young people not in education, employment or training: the ones who slip through the net and are doing nothing constructive with their lives. This is Labour's lost generation of young people—nearly 1 million of them aged between 16 and 24.

One of the fundamental reasons why I believe this Government have nothing to offer both those groups—the newly unemployed or "executive unemployed", as they were referred to in Work and Pensions questions earlier today, and the millions of people in communities of worklessness and long-term unemployment—is that they are in denial about the scale of the profound and deep-seated problems in our labour market.

The Minister for Employment and Welfare Reform (Jim Knight): We are not in denial about the scale of the problems being faced. The hon. Gentleman is unusual in this House, in that he represents a constituency where unemployment has fallen, where youth unemployment has fallen, where long-term unemployment has fallen, where incapacity benefit claims have fallen, and where last month, the number claiming jobseeker's allowance fell. Does he celebrate all that?

Mr. Crabb: On many occasions in the past four and a half years since being elected, I have stood up in this House and welcomed the fall in unemployment in my constituency. I grew up in it and I remember times of high unemployment. I am not going to decry and object to improvements in the labour market locally, but unemployment in my constituency has increased by more than 100 per cent. in the past 12 months. That is a fact.

We have seen the same pattern in this debate and in Work and Pensions questions: denial on the part of Ministers of the extent of the problems here and now, and a retreat into historical revisionism, going back to statistics from the 1980s to throw up a smokescreen to avoid having to engage with the issues and the difficult challenges that we are discussing.

I want to focus my remarks on my home country of Wales, which faces the double whammy of a delusional Labour Government in both Cardiff and Westminster. In Wales, the pain of the recession is being felt acutely. There was a view popular among some Welsh Labour politicians about a year ago that, because of the relatively high level of public spending in Wales compared with other parts of the UK, it would be in for a soft landing during the recession—that somehow, the relatively large size of the public sector meant that Wales would be insulated during the recession. Professor Niall Ferguson, who owns a home in Wales, expressed that view to a newspaper, and those comments were seized on by Welsh Labour MPs and some sections of the Welsh media. The view was backed up by Ieuan Wyn Jones, Economic Development Minister in the Welsh Assembly, who said:

"Wales will fare relatively better."

Brian Morgan of the enterprise centre at the university of Wales Institute, Cardiff objected to that. He said that Wales would suffer worse than other parts of the UK and that, as one of the poorest parts of the UK, Wales is trying to absorb a recession from a weakened position, and the Government could not borrow indefinitely to prop up the public sector.

It is Professor Morgan who has been proved right. In the past 12 months, unemployment in Wales has soared. It has been increasing at one of the fastest rates anywhere in the UK. In the three months to August 2009, unemployment in Wales hit 130,000—a rise of 24,000. The rate now stands at over 9 per cent., one of the highest of any of the UK regions. Almost 100 people lost their jobs every day in Wales in the past 12 months. One in every three people in Wales on the dole has been claiming it for more than six months, and one in 10 has been doing so for more than a year. Long-term unemployment has not been abolished or solved—certainly not in Wales—as some Ministers have claimed in the past.

We need to get back to focusing on private sector job creation. In the past 10 years there has been a phenomenal increase in public sector jobs. I welcome employment in the public sector—it is great to see people working, whether they are in the public or private sector—but we need to increase the wealth-creating component of the economy and see jobs created in the private sector, not just the public sector. We need to return to focusing on how we create incentives for private sector employers to recruit more workers and to hold on to them during the recession.

It is estimated that since Wales won objective 1 funding from the European Union at the end of the 1990s, its public sector has grown from accounting for about 50 per cent. of its gross domestic product to about 54 per cent. In England, the public sector accounts for about 40 per cent. of GDP. Thus, one can see that the public sector is significantly larger in Wales, relative to the other proportion of the economy. Many of the employers in my constituency talk to me about their

[Mr. Crabb]

frustrations at the barriers that they come up against in trying to recruit new workers, and many of those employers will do anything that they can to avoid taking on more workers unless it becomes absolutely necessary. It is a shame that so many small business men and women regard employing more people as a headache—they should see it as a sign of growth and it should be a wonderful thing for them to be able to recruit more people—because of the regulations attached to hiring workers and the personnel difficulties that many of them face.

Manufacturing has been touched on, and I wish to echo some of the remarks made. We need to speak up for British manufacturing. I represent a rural constituency in west Wales, where manufacturing is a very small sector of the economy, but even down there we have some success stories that we need to celebrate. For the past 10 years, manufacturing trade associations, the CBI and the chambers of commerce have been warning consistently about the erosion of competitiveness of the UK manufacturing sector and about the loss of jobs—almost 2 million have been lost from UK manufacturing in the past 10 years. As the overall employment level was increasing during that period, Ministers did not have to engage fundamentally with the difficult challenge of a loss of private sector manufacturing jobs. That is one reason why I say that Ministers are guilty of being in denial and of being complacent about the loss of jobs in the UK economy.

Finally, on the question of young people, hon. Members and organisations outside the House have been warning about the profound long-term problem of youth unemployment. I have even heard a Minister say that youth unemployment has been abolished under this Government. What an arrogant thing to claim, given that one can go to any town centre up and down this country in the middle of a working day and see young people simply doing nothing constructive with their lives. Youth unemployment has not been abolished; we face deep-seated challenges. Unless there is honesty on the part of all parties in the House and, in particular, the Ministers who are running the show at the moment about engaging with the issue and recognising how deep-seated the problems are, we will not make much progress.

Last week, I went to a reception held on the Te. ace that was put on by the Salvation Army Housing Association, where I met some of the young residents of the foyer schemes that it runs. These were young people from Rotherham, in the north of England, and young people from the south of England who were getting supported accommodation provided by the SAHA and training. Those young people had been rough sleepers on the street, and some of the young ladies had been sex workers—I am talking about people with profound problems. It is organisations such as the SAHA, which are at the coal face of working with the hard core of unemployed young people, from whom Ministers need to learn. They should engage with those outside organisations, because they have something special to offer. The young people whom I met downstairs last Wednesday afternoon are a testament to the expertise in these organisations. I am thinking about not only the Salvation Army, but the Prince's Trust, Fairbridge and so on; a range of organisations have been doing such work for a long time. When I talk to my regional Jobcentre Plus and to Ministers, I sometimes think that they should engage more with some of those organisations and learn from their expertise.

7.43 pm

Kelvin Hopkins (Luton, North) (Lab): It is a great pleasure to speak in this debate. First, I thought that the speeches made by my right hon. Friends the Members for Holborn and St. Pancras (Frank Dobson) and for Oldham, West and Royton (Mr. Meacher) were brilliant—I need not add to anything that they said, because I agreed with every word of it. However, perhaps I might fill in a few gaps and express a few of my own views.

The Conservative motion is pretty feeble. It just contains footling supply-side changes and a coded reference to squeezing benefits, and it proposes a little bit of tax advantage for business. That does not really address the major problems that the economy must face over the coming years. The right hon. and learned Member for Rushcliffe (Mr. Clarke) again came with the old canard of flexible labour markets and driving down wages, which would just deflate demand even further and would not solve any of the problems.

The motion refers to competitiveness, which is important. I have argued for a long time that the pound was substantially overvalued relative to other currencies, particularly the euro and the dollar. One of the good things that has happened over the past year is the severe depreciation—a serious depreciation—of sterling to a more reasonable level, and we have started to improve our competitiveness on that basis.

Mr. Bone: I agree entirely with the argument that the hon. Gentleman is making, but would it not be better if the Government said from the Dispatch Box tonight that they will drop their policy of joining the euro, so that we can continue to have a currency that devalues.

Kelvin Hopkins: I did not know that we had a policy of joining the euro, but I think that the most sensible thing that the Prime Minister did in his years as Chancellor was not to join the euro—I applaud him for that. Had we joined it, we would have the same problems as Ireland, which has a massively overvalued currency, so what he did was very sensible.

The other component of competitiveness is, of course, investment. Private companies invest when they can sell things. If demand has been deflated in the economy and they cannot sell anything, they will not invest. Thus, the crucial component, beyond having an approach that ensures an appropriate value for one's currency, is to have a good market: a good level of demand in the domestic economy, as well as the international one.

Mr. Binley: I am listening to the hon. Gentleman with great interest. Does he understand that in order to invest, companies, particularly small and medium-sized enterprises, need working capital, and they are being starved of it at the moment?

Kelvin Hopkins: I thank the hon. Gentleman for his intervention. I would have supported the policy that I fought on in the 1983 general election, which was to nationalise the banks at that time and introduce a thing called the "alternative economic strategy". Had we done that, we would not be in the mess that we are in

now but, unfortunately, we followed the apostles of neo-liberalism and the free market, who are so evident on the Conservative Benches—sadly, some in my party also followed that misguided route—and we have arrived at this situation. Those who still speak in favour of globalisation, liberalisation, privatisation, marketisation and deregulation have had their day and it brought us to the edge of a catastrophe.

We must go back to having a more regulated world, where we manage our economies sensibly, we ensure that they work and we guarantee full employment, above all. Between 1945 and 1970—before the post-war world collapsed—we had heavily managed economies and they worked. I can remember that as a young man—the hon. Member for Northampton, South (Mr. Binley) and I may be of similar age, so perhaps he also remembers these times—one could walk alongside a row of factories and see vacancies in every single one. One could almost go into any one of them and be given a job. That is the world that we used to have, and it is the one that I want to have now for all the young people in my constituency in Luton who cannot get a job. A range of jobs, both skilled and semi-skilled, were available, and there were apprenticeships by the thousand. That is the world that we had, but we have thrown it away because we fell for this foolish world of neo-liberalism. I think that we will rebuild back towards that world one day.

Investment comes about through having a good market in which to sell things. The Government amendment, which I strongly support, refers to the "new industrial activism", and I applaud that absolutely. The Minister for Business, Innovation and Skills, who spoke from the Front Bench on behalf of Labour Members at the beginning of the debate, has had a role in helping to save the Vauxhall plant in Luton—I am extremely grateful for that. I thank him for his work there, together with the Secretary of State, who has also visited Luton and done a good job for us. So, the Government are doing something for manufacturing.

As Conservative Members have said, we have fine manufacturing companies in Britain—that applies in my constituency. They have had difficulty in selling because of the overvaluation of our currency, but they represent superb quality manufacturing. The problem is that we do not have enough of it. We have had a massive trade deficit for a decade and more simply because of the overvaluation of sterling. Since the depreciation, over the past year—from the second quarter of last year to the second quarter of this—our trade balance in goods has improved by £1 billion a month. I hope that that continues and that we improve even further. We still have a big deficit, but we are moving in the right direction and there is a real opportunity for manufacturers to take advantage of the new situation.

Mr. Lee Scott (Ilford, North) (Con): Does the hon. Gentleman agree that at the very time that small businesses need investment and need the help of their banks, the banks are not doing what the Government have asked them to, which is to help small businesses out in these troubled times?

Kelvin Hopkins: I have to say to the hon. Gentleman that I am a traditional socialist and that I would be much more interventionist than even my splendid comrades on the Front Bench. I would order the banks to do that and would have Government representatives at a management level in those banks, too. Indeed, I think that that is where we ought to go. I do not appreciate this arm's length approach; I do not accept it. I would have a much more interventionist approach with the banks and would ensure that the investment funds were forthcoming for companies of all sizes. If this were the situation in Germany or France, they would make sure that those things happened.

Let us consider Germany—it has its problems, like we do, but the Germans have managed to protect, defend and advance the manufacturing sector through a collaborationist approach between unions, management and Government over a prolonged period. They made sure that German manufacturing was strong with a high level of investment. Can anyone imagine Germany allowing BMW to be bought by Rover? No, but we just gave away Rover for a pittance—for £400 million—because British Aerospace wanted a bit of extra cash. That is utterly irresponsible and, I would say, unpatriotic too.

Mr. David Drew (Stroud) (Lab/Co-op): One of the ways that the consensus in Germany, in particular, works is to ensure that people are able to stay in jobs in the downturn. That is very important, because when we get to the upswing, Germany will have people in manufacturing, ready to be employed. Sadly, in this country we will not, which is an argument for wage compensation.

Kelvin Hopkins: There are so many differences on which I would like to focus, but in the short time available one cannot do that.

The point on which I want to focus is the attempt by the Conservatives to frighten us about the size of our debt. The point has been made very strongly by my right hon. Friend the Member for Oldham, West and Royton: historically and internationally, our gross national debt is not high. It is not a problem, even for those who manage the debt. Mr. Robert Stheeman, the chief executive of the Debt Management Office, was reported in a newspaper only last week as saying that there is

"a 'remarkably strong' appetite for UK Government debt".

There is no problem about borrowing from the money markets—they are keen to lend to the Government, especially as we are going ahead to ensure that the economy recovers and that they will get their money back in due course. There is not a problem there.

Let me move on to some of the reading that I have done. John Kenneth Galbraith wrote a wonderful book called, "The World Economy Since the Wars". In that, he pointed out that the American economy borrowed massively during the second world war but finished up at the end of the war with the strongest economy in the world and full employment, and beat all the competition. The Americans borrowed massively and invested massively during the war and had a strong economy at the end of it. We did the same. Indeed, in a fully employed economy the debt repays itself over time. The key to it all is ensuring that we create and sustain full employment.

I used to be chair of a group called the full employment forum—a party organisation—and as employment rose we wound the group up, because it seemed that we were getting towards full employment. However, I think that we need to revive it. The economic policies that we had—guided to a large extent by John Maynard Keynes

[Kelvin Hopkins]

between 1945 and 1970—worked. What has happened since has not worked. We have had instability, high unemployment and, overall, a lower growth rate than we had at that time. We have made some terrible mistakes, and we have had a warning with this massive economic collapse. We are now, I think, in a good place to recreate the policies of the past and to avoid the catastrophe that so nearly befell us.

7.54 pm

John Mason (Glasgow, East) (SNP): There have been a number of speeches so far and I probably agree with quite a few things that have been said. I would like to come at the subject from a slightly different angle and, not surprisingly, to speak from a Scottish perspective.

First, our economy—either the UK's or Scotland's—should not be where it is. Other countries went into recession better prepared. The country that I want to compare Scotland with is Norway, as they are of a similar size—*[Interruption.]* If somebody wishes to intervene, I am happy to give way. Norway built up an oil fund worth $400 billion or thereabouts and has therefore hit the recession with the savings ready for a rainy day. Its forecast surplus for next year is $84 billion, which compares with the UK deficit of $56 billion. Unemployment in Norway is 3 per cent., whereas in the UK it is somewhere in the region of 7.9 per cent. Seeing that Ireland and Iceland have just been mentioned in the same breath in sedentary comments, it is worth noting the IMF figures for gross domestic product on purchasing power parity for 2009. Of those four countries, Norway is at 52,700, Ireland at 39,300, Iceland at 35,700 and the UK is bottom of the four at 35,200.

Mr. Binley: I am slightly concerned about this comparison. Does the hon. Gentleman feel that Scottish citizens would be willing to pay about £6 for every pint that they have? That is the level of taxation that has been necessary to keep Norway going.

John Mason: I thank the hon. Gentleman for that intervention. He is touching on the completely different issue of a minimum price for alcohol, which is also our party policy. As he probably knows, alcohol is a problem in Scotland. I think it used to be more of a problem in the Nordic countries, but that has been dealt with by controlling supply and minimum pricing—which I assume that he is supporting. However, it has to be said that Norway has been more careful with its oil money and that is the main reason why it is so much better off—it is not to do with alcohol pricing.

I agreed with the emphasis that the right hon. and learned Member for Rushcliffe (Mr. Clarke) placed on debt right at the beginning of the debate. Despite some of the reassurances that we have had from Government Back Benchers, I think that debt has been a problem in recent years—and not just Government debt, for that matter. Public sector debt, private sector debt and certainly individual debt have been an accepted part of life in this country, and wrongly so. As we go forward, we must have less emphasis on debt and more on savings—not least savings for pensions, which were mentioned earlier by a Government Member. One of the problems at the moment is that the low interest rates, although they are great for borrowers, discourage future savings and penalise those with modest savings. I have constituents who had a small amount of savings, which were really important to top up their modest income, and they have now virtually lost them.

We need a balance between manageable debt that is acceptable and excessive debt, which we have had. Individual mortgages and prudential borrowing for local authorities are worthwhile things. We also need to consider where we are trying to go. Let me quote my right hon. Friend the Member for Banff and Buchan (Mr. Salmond), who spoke in Inverness at the weekend. Some hon. Members might not have had the opportunity to hear that speech, so I just thought that I would read it—although I shall not read the whole thing. He said that we need a contract with

"the people in communities across our nation. A contract based on our social democratic values—wealth created and wealth shared"—

if I were going to underline one bit, it would be the words "wealth created and wealth shared". He went on:

"The creation of wealth is important when times are good. It is imperative when times are tough. The sharing of wealth is important when times are good. It is a moral imperative when times are tough."

He went on to talk about

"the economic choices which we as a society must make in tough times"

and

"the political decisions that we as a country must take if we are to protect and defend the fabric of our communities."

He also said that we must

"put the people of this nation first—creating a rich country and rich society."

That is certainly my aim for Scotland. He went on:

"Our objective is a Scotland free to reach its full potential—a Scotland that is more prosperous, fairer, a voice for peace and reconciliation in the world".

I realise that not everyone in the Chamber would accept that. Some people have said that it is the wrong time to talk about the constitution, but I want to argue that it is certainly the right time to do so. The constitution, the economy and welfare cannot be separated. I am fascinated that the title of the debate should be "Economic Recovery and Welfare", yet scarcely one member of the Conservative party has talked to any extent about welfare.

Christopher Fraser (South-West Norfolk) (Con): We will.

John Mason: I look forward to that.

Those issues are inextricably linked, and it is because of the constitution that Scotland is where it is. We have suffered unnecessarily because we are part of the UK. The constitution affects the way in which we spend the money that we have, and we have to prioritise. We should judge expenditure by the way in which it affects jobs, and whether it is sustainable.

David Taylor: The hon. Gentleman has just said that Scotland has suffered unnecessarily because of its association with the UK, and earlier in his speech he acted as John the Baptist for the messiah from Banff and Buchan. However, does he not recognise the effect of the Barnett formula on 5 million people in Scotland and on a similar number of people in the east midlands of England—similar demographically, geographically and in all sorts of ways? Public sector spend in Scotland is 20 per cent. or more greater than that of the east

midlands. That should not be allowed to continue, and when the hon. Gentleman gets independence, he will have to cut the supply of southern taxpayers' money.

John Mason: Our income is so much higher than that of the people of the midlands or any other part of England and we could afford to spend it if we were not spending it on what I am going to refer to next. Does Trident really have to be a priority? Many people—even people who support nuclear weapons—would say that it is not a priority at this time. If we are thinking of how to spend £75 billion, £100 billion or whatever the figure is, we should consider where it would create the most jobs. I suggest that it would not create the most jobs if we spent it on nuclear submarines—we could use the same money for more jobs in roads, housing, schools or similar.

Mr. Bone: Will the hon. Gentleman give way?

John Mason: It is the probably the last time that I shall do so, as I wish to continue.

Mr. Bone: The hon. Gentleman has been most generous in giving way. The hon. Member for North-West Leicestershire (David Taylor) made a different point, as he was trying to say that it is the imbalance that is wrong. My constituents each have £2,000 less public money spent on them than people in Scotland, yet we pay the same taxes. Is that fair?

John Mason: The hon. Gentleman reiterates what has been said before, and I reiterate my reply: we consider that we are subsidising the rest of the UK with oil money, which we should be able to use as our own income. It is not that our expenditure needs to be cut—it is more the case that the public sector in the rest of the UK needs to come up to the Scottish level.

Hywel Williams (Caernarfon) (PC): Will my hon. Friend give way?

John Mason: I said that I had given way for the last time, but I will do so again for my hon. Friend.

Hywel Williams: I hope that my hon. Friend would accept that the gross imbalance in development in England, the huge spending in the south-east, and the deprivation of areas such as the east midlands are not a reason to fail to look at fiscal autonomy for Scotland and a fairer share of the money for Wales.

John Mason: My hon. Friend makes a good point. We certainly believe—and I think some Government Members do so—that expenditure should follow needs. The other argument, apart from Scotland's income, which is extremely healthy, is that we end up being one of the few countries in the world that discovered oil but became poorer as a result.

In my constituency, which is one of the poorest, and in the neighbouring constituency of Glasgow, North-East, which will soon hold a by-election, people do not understand why they are suffering so much when we apparently have so much wealth. The constitution affects Scotland's ability to borrow. We have talked a great deal about borrowing in this debate, and I have said that I agree with a sensible level of borrowing. The UK Government borrow—whether that is sensible is another question—and local authorities are allowed to borrow. It is absolutely incredible that Scotland—and Wales, I believe—are not allowed to borrow and to get out of the recession in that way. It would boost the Scottish and Welsh economies, and necessarily the UK economy, if we were allowed to borrow wisely and more freely. The Scottish Government are doing very well with the limited powers that they have. Abolishing business rates for small businesses has provided a real boost to that sector.

Finally, moving on to the welfare side of the equation—as I said, I have heard very little about that—I am afraid that I see very little difference between Labour and the Conservatives. Some Labour Back Benchers have spoken well on the issue, but I fear that they are not typical of their party, especially those on the Front Bench. Since coming to the House a little over a year ago, I have seen the introduction of the Welfare Reform Bill, which was supported by both the large parties, but I still consider it a harsh piece of legislation, with lots of sticks but very few carrots.

The Bill contains some interesting words, including "personalised", which also appears in the Conservative motion and was mentioned many times by Government Front Benchers when we discussed the Bill. In practice, however, I see very little evidence of personalisation, as there are too many rigid hurdles that trap ordinary people, preventing them from getting back into work or even from just increasing their income a little. Recently, a constituent came to see me, as he was limited by the £20 earnings rule. If my memory serves me correctly, he worked for Asda, which had a bonus scheme and wanted to give him £21. That caused a huge problem for him, and he had to come along to my constituency surgery for the sake of £1. That kind of rigid response is the exact opposite of personalisation, and I want a lot more reassurance that either major party is thinking seriously about the issue.

We have an extremely rigid system, and I think, to be fair, that that has been recognised. I have been reading the report from the Centre for Social Justice entitled "Dynamic Benefits", which highlights the rigidity and the marginal tax rate that keeps people out of work. Taking into account tax, national insurance, losing council tax and housing benefits, people can sometimes get an extra £1, but lose 90p. There is something very far wrong with that—whether it is 50p or some other limit, we need to address the issue.

Another obvious [illegible] has not been mentioned today, and is not always mentioned when we discuss welfare benefits—is the question of minimum and living wages. If someone or a family cannot live on the minimum wage that is paid, their money is topped up with working tax credit. That is a good thing, and it is better than what we had before, but we must realise what it means: we, the public sector, are subsidising the private sector in many cases to pay wages on which people cannot live. How can that be considered right, and how can it be considered a good use of public money? By raising the minimum wage to something like £7, we would increase the incentives for people to get back to work, and there would be a saving in working tax credit, as well as simplicity in a bureaucratic system.

I have a few final comments on the motion, which mentions the private and voluntary sectors. I am very much a fan of the voluntary sector, but there are certain core functions that the state should carry out. Prisons should be in the public sector, as should health, the

[John Mason]

police, the mail service and, I suggest, welfare. The motion talks, too, about "effective recession schemes", but I wonder what that means in practice. The Government are planning to cut the Scottish budget by £500 million. *[Interruption.]* I do not know if we have seen a comparative figure from the Conservatives, but I assume that it is similar to the Government's cuts. I see very little difference—*[Interruption.]*

Madam Deputy Speaker (Sylvia Heal): Order.

John Mason: I see very little difference between the two Front-Bench teams or between what they have got to offer. I feel sorry for the people of England, who have to choose between those two parties. At least we in Scotland have a wider choice.

Madam Deputy Speaker: May I remind hon. Members who make an intervention that it should be just an intervention? That means that brevity is required. I call Mr. Tony Baldry.

8.9 pm

Tony Baldry (Banbury) (Con): My mother's name is Oina Paterson. As one would guess from that, she is a Scot. My grandfather served with the Highland Light Infantry and my great-grandfather was a Gordon Highlander. I find the speeches of hon. Members such as the hon. Member for Glasgow, East (John Mason) so desperately depressing because Scotland is a much greater nation than is articulated by the nationalists in the House. As it is rare that I speak of Scottish nats, I shall get this off my chest—I find their Poujadist politics awfully depressing, and I hope that at the next election the good people of Scotland have the great sense to send the right hon. Member for Banff and Buchan (Mr. Salmond), and all of them, packing, and recognise that Scotland is all the better for being part of the Union, and the Union is all the better for having Scotland as part of it.

We have to recognise that Britain has something of a jobs crisis. This year has seen the highest increase in unemployment on record, with more than 2,000 people a day losing their job. What we have heard from those on the Government Benches today has been incredibly complacent.

Mr. Bone: Is it not amazing that in a debate on unemployment, there is not a single Labour Back Bencher in the House, whereas there are about a dozen Tories present? What a change in times.

Tony Baldry: If and when the Tories get back into government, on past experience I would expect the Government Whips to make sure that there was a good turnout for such a debate. It is amazing that those on the Treasury Bench cannot manage to get a single Back Bencher other than the Parliamentary Private Secretary to support the Treasury Bench team on a debate as important as one on the economy, welfare and unemployment in the run-up to a general election. It is tragic. It is pathetic.

Labour Members ought to be in the Chamber to listen to the fact that there are 3.3 million households—that is, 17 per cent. of all households—where no adults are in work. Britain has a higher proportion of children growing up in workless households than any other European country. In Work and Pensions questions today, when I asked the Secretary of State whether she could give an example of a single other European country that had a higher proportion of children growing up in workless households than Britain, she weaved all around the question and I think we eventually ended up in Moldova, but that came as a helpful suggestion to her from Labour Back Benchers.

It is a disgrace that so many children in this country are growing up in households where there are no adults in work. This year the Government expect to spend £36 billion on benefits for those out of work. Jobcentre Plus can just about manage to keep up with ensuring that people receive the jobseeker's allowance to which they are entitled, but it is not managing to help get people back into work. The average amount of time that one has for an interview at a jobcentre is 3 minutes. That is not a criticism of the staff. They have to deal with the fact that so many people are losing their jobs.

For every £3 raised in tax, £1 is being spent on social security and debt interest. That is just not sustainable. We have a duty of care to try to ensure that no one is left behind, and that we help those who are out of work while they are out of work and help them get back into work as speedily as possible. We have a moral and an economic case for doing that.

Mr. Brooks Newmark (Braintree) (Con): One of the interesting statistics in Braintree is that the jobseeker's allowance roll today is about 2,700. That is a trebling of what it was six months ago. More important, a fifth of those—27 per cent.—are between the ages of 18 and 24. It is the young people I am most concerned about, because we do not want to end up in a vicious cycle with a generation permanently on benefits.

Tony Baldry: My hon. Friend is right. The young unemployed today, if we do not get them back into work, will be the long-term unemployed of tomorrow—unskilled, unqualified, long-term unemployed.

I am pleased that the Opposition have presented a clear, integrated welfare to work initiative, the work programme. In the past couple of years people have been saying, "It looks like the Conservatives may well win the next general election, but we don't know what your policies are." During the summer we made clear what we intend to do. We intend to provide help for entrepreneurs, offering business mentors and loans to would-be entrepreneurs. We will have a programme to connect people to volunteering opportunities in their area. We will help youth unemployment through youth action for work, which over two years will provide 200,000 additional apprenticeships, 100,000 additional FE college places, 100,000 work pairings and more than 40,000 additional young apprenticeships. That is a well costed and brilliant scheme.

The complexity of the present system is such that it is very difficult for young people to know what is available to them. The area director of the Learning and Skills Council kindly came to see me the other day to explain all the various courses and routes available to young people in my patch. By the end of an hour and a half, it was Nurofen-inducing. It was not his fault; there are just so many schemes. Some are age-related, some are rather like a bus—once they are full up, there is no room

for anyone else till it comes round again. On paper the scheme exists, but when people apply for a placement, they are told, "Terribly sorry, but you have to wait till next year."

It is crazy that for the youth cohort going to university—about 50 per cent.—matters are relatively straightforward: GCSEs, AS-levels, A-levels, university application. To the cohort not going to university we give all the complexities. Do they stay at school and do a diploma, do they leave school and do an apprenticeship, and who advises them? What is the quality of Connexions in many of our constituencies, and how much access do young people have to that service?

We need to improve the working of the job market considerably. I want to share with colleagues the experience in my constituency. We were determined that no one should be left behind, so we set up two job clubs, with everyone involved in them. It is not rocket science. We are now getting employers such as Sainsbury's coming along to the job clubs to recruit. What is sometimes not realised is that traditional recruitment methods are very expensive. It costs on average £7,000 to fill a vacancy in the public sector and takes on average an eye-watering 156 days. That is an incredibly long time. We are trying to make sure that vacancies that come up are filled much more quickly.

I commend to the House the new website www.zubed.com, which has geospatial mapping, drawing down every job in the country that is known about and mapping it so that people can go on to a website and start to access jobs much more quickly. We must use new technology so that jobs that can be filled quickly are filled quickly, and those who need greater help to get into employment, perhaps because they have a disability, can be given the support that they need. That is what we are doing at the job clubs. We are trying to ensure that we can get people back into the world of work as speedily as possible. We are giving them financial and benefits advice, and help with their CVs. Nowadays most employers want job applications to be done online, so we are determined that people in Banbury and Bicester will be able to have help doing their CV online. It is all good, straightforward stuff.

We are determined as a community to do what we can to ensure that people get back into work as quickly as possible, but in talking to employers I find that, although they are enthusiastic about what we are doing to try to make the labour market locally work more efficiently, they are frustrated, as I said to my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke) at the start of the debate, trying to work out which Government schemes are real and which are press releases. Employers spend more time trying to work out whether they are real schemes or press releases.

I shall repeat the example that I gave earlier. I, like every other Member, sit in the Chamber, listen to Ministers from the Treasury Bench giving information about new programmes and think, "How does that affect my constituency?" So I table parliamentary questions and the answer arrives. One such query was about the strategic investment fund. I tabled a question on 16 July, and it took the Secretary of State until 12 October to answer, but hey-ho. Lord Mandelson wrote in a letter:

"The SIF is not a fund that is open directly to companies. It is a resource that the Government is using to increase investment through existing measures—like Launch Investment for aerospace"—

a press release—

"or Grants for Business Investment"—

yet another press release—

"or the UK Innovation Investment Fund. Our extra support for business is delivered through these measures, not directly from the SIF."

It is like one of those crazy Russian dolls—various funds that all interrelate. However, if we ask businesses in our constituencies, "How many of you have actually managed to access any funding from any of these Government schemes?", we find that the answer is very few indeed. That is why my hon. Friends on the Front Bench are absolutely right to bring forward proposals that are much more straightforward and sensible, with three or four focused points that everyone can understand. Everyone can see where we are going and what we intend to deliver. They are going to tackle youth unemployment, make the labour market work much more efficiently and give business the support that it needs to get Britain back to work.

8.22 pm

Mr. Brian Binley (Northampton, South) (Con): I shall concentrate on one issue only: the plight of the small and medium-sized enterprises sector. I am sure that it will not surprise many of my hon. Friends, but that is where I am and that is where I stay. I do so for three reasons. First, the sector has the greatest potential for jobs growth—given the right support—in the country. The House will know that in 10 years, the sector put on 2 million jobs, while UK plc shed 1.5 million. That makes the point about the sector's potential. Secondly, 70 per cent. of British creativity comes from the sector, and if ever we need creativity it will be when we need to pick up the green shoots and run with them. Finally, 94 per cent. of the people who work in the private sector in my constituency work in the SME sector, so I have a personal interest in the situation.

The point that I really want to make, however, is that the sector is still suffering as it was six months ago, and people in the sector do not think that the Government understand their problem. Those people feel rather let down, and that the spin that the Secretary of State for Business, Innovation and Skills is putting on the recovery suggests that his only thought is about party political advantage, not about encouraging a sector that is so important to our economy. In fact, they do not believe his spin, because they do not see it or feel it. Indeed, nor does the civil service, and that is quite alarming. I noticed that Jonathan Baume, the general secretary of the senior civil servants union, warned that mandarins were getting nervous about it, and that Mike Granett, former head of Government information services, accused Lord Mandelson of abusing public money with "outrageous political sloganeering". Of course, the Opposition have never trusted Lord Mandelson, and with good reason. Indeed, the sector has not trusted him. One man from the sector told me the other week that its members felt that he was as slippery as a bag of eels—a good old fen-country saying. When civil servants begin to agree, however, it is surely time for the Government to take notice, and I hope that they will.

Let us inject some reality into the debate. I can tell the House about company after company that complains that banks are not dealing with them and money is not

[Mr. Brian Binley]

getting through. Every time I argue that point, however, I get the feeling that I am not being listened to. It might be because I am so repetitive or because I am boring, but for the sector at least I urge the Minister to take real account of its concerns, because its members are massive opinion-formers, if nothing else. They come into contact with customers day in, day out—more than UK plc does. I should have thought that the Government would have had some motivation for understanding the plight of the SMEs, but they do not seem to.

Trade is still declining in the sector. The latest survey from the Federation of Small Businesses shows that 40 per cent. are still experiencing decreasing trade, and that many others are treading water, waiting for something to happen. Aged debt is still lengthening, too. The survey notes that 33 per cent. say that they are still being paid late and many others have seen little improvement. Insolvencies are also still increasing: in the second quarter, there was a 39.1 per cent. increase on the same period one year ago, and an increase of 2.9 per cent. on the previous quarter. Insolvency agents are also taking too big a cut of the money in the first place. I am told that they charge up to £700 an hour. No wonder small businesses do not get paid when other businesses go to the wall. Perhaps the Government ought to think about that. Worst of all, unemployment continues to rise by 2,000 per day.

I could talk at length about the relationship between the public and private sectors, but I shall refer to only one set of statistics. In the 15 months up to June, the private sector lost 1 million jobs. In the same period, the public sector put on 300,000. If ever the Government's priority were made clear, it was in that set of statistics. The sector is not foolish, however; it understands exactly what is happening.

John Mason: I am interested in the hon. Gentleman's comparison between cuts in the private and public sectors. Would he go so far as to say that if there were a 5 per cent. cut in the sales of Coca-Cola, there should be a 5 per cent. cut in education?

Mr. Binley: The hon. Gentleman misses my point. I said that there was a cut in the private sector and an increase in the public sector. The balance is out of kilter.

Mr. Newmark: The point that the hon. Member for Glasgow, East (John Mason) seems to miss is that the private sector should be the engine of growth and job creation for the young people of this country. The private sector pays the taxes that help to pay for the public sector, and that is why we should help SMEs as much as possible.

Mr. Binley: I am most grateful to my hon. Friend for his contribution. He makes my point with greater clarity than I was clearly able to.

For every person who becomes unemployed, two or three other people fear for their jobs, and that adds to a tremendous feeling of uncertainty. It means that less money is circulating, which adds to financial constrictions—and therein lies another problem.

John Howell (Henley) (Con): Does my hon. Friend accept that, as others have said to me, one or two job losses in any particular company in the SME sector have a devastating effect because of the size of the company, whereas one or two in a bigger company might not?

Mr. Binley: That is absolutely right. It is the same with regulation—such things impact much more heavily on the SME sector than on any other, particularly on the smaller businesses.

Let us look at the credit crunch and financial constrictions. The CBI's report said that the second quarter of this year showed an improvement in credit, although it was largely driven by the largest firms with more than 5,000 employees, and that the SME sector saw a decline in existing credit lines and expects similar tightening over the coming three months. The Bank of England said that the flow of net consumer credit was negative in July and that it expects the negativity in credit lines to increase over the coming three months. Credit insurance is being withdrawn from the system, which is a remarkable thing for the Government to allow to happen.

"Trade credit insurance remains a pressing concern…availability had worsened over the past three months",

says the CBI, which is quite an authority; one might think that Lord Mandelson would pay some attention and stop spinning. We cannot talk to Lord Mandelson very much, so I want Government Front Benchers to tell him what is happening in the sector: cash-flow difficulties are increasing; more companies are going to the wall; unemployment is rising; and, most importantly of all, companies are finding it increasingly difficult to get credit from the banks. I want him to concentrate on those facts and forget the spin. He is not employed by the Labour party—he is employed by the people of this country to do a job, and it is about time he got down to it.

I could give many examples of the difficulties faced by business after business, but I will not bore the Minister because I am sure that he has read them all. I am certain that in surgeries he faces the same thing that I do—business people coming to him and saying, "I can't get money from the bank." A survey by the business school at the university of East Anglia noted that 33 per cent. of people said that there were cuts in the availability of capital, 55 per cent. reported a reduction in investment finance, and 60 per cent. cited a decrease in funds available for mergers and acquisitions.

Two things have gone wrong. First, Government schemes are not performing: it is as simple as that. The plethora—the shoal—of initiatives that Ministers have created, clearly for public relations purposes, as I now understand, are not working. The enterprise finance scheme announced on 14 January 2009 has provided for 4,132 accepted loans—6.3 loans per constituency. I want 100 loans in my constituency to keep small businesses going. On 12 October, only five businesses had received investment from the capital for enterprise fund, as revealed in a written parliamentary answer. Only one firm so far has received assistance from the automotive assistance programme, which was shouted to the heavens as the great saviour of the British automobile industry. Finally, there was the trade credit

insurance scheme, announced in the April Budget. Do you know how many insurance covers have been issued to businesses?

Madam Deputy Speaker: Order. May I remind the hon. Gentleman of the correct parliamentary language to use; I am sure that he is aware of it.

Mr. Binley: I am grateful for your correcting me, Madam Deputy Speaker, but you know that I get carried away because I am so excited about this subject.

Madam Deputy Speaker: I hope that now you will be calmer and therefore keep within the rules.

Mr. Binley: I will do my very best.

Do hon. Members know that only 52 businesses have been covered by the much-vaunted trade credit insurance scheme? That is one for every 13 constituencies. I hope that you have one in yours, Madam Deputy Speaker, because the chances are that I do not have one in mine. That is a total indictment of this Government.

Mr. Andrew Pelling (Croydon, Central) (Ind): Will the hon. Gentleman give way?

Mr. Binley: No, I will not. My time is running out, and I have been rather generous.

The Government schemes are not working and the banks are not lending. I referred to examples that I could have used, which I will send to the Minister. Why are banks not understanding the problems of small and medium-sized businesses? It is very simple: because the guy in the middle at area and regional level is getting two messages. One is from the director for small business loans, saying, "Lend to small businesses." The other is from the guy responsible for building up assets in the bank, who is saying, "Don't risk money." There is a conflict at area and regional level. Businesses at the coal face tell me that when they talk to their local branch there is encouragement, but of course every decision is made at regional level and that is where it all stops. The bank asset guy wins out, which is why we get higher interest rates, high renegotiation fees, shorter overdraft facility periods and many more personal guarantee demands. It is all about building up bank assets, which is taking massive preference over supporting the SME sector.

What should the Government do? First, they should get out there. Sadly, they do not have much business experience on their Front Bench. The Secretary of State for Business, Innovation and Skills himself has never worked in the private sector, so perhaps that is not surprising, but the very least that they ought to do is get out there and find out what is happening. If they are doing that, they are missing the point. If they are not, as I believe, they do not understand the point. I see heads shaking on the Government Front Bench, but I come from the sector, I talk to people in the sector every day, and I tell you, you need to take the message on board—

Madam Deputy Speaker: Order. Once again, the hon. Gentleman—

Mr. Binley: I meant to say Ministers need to take the message on board, Madam Deputy Speaker. SMEs are suffering. They are not getting the money, and all the Government promises in the world do not count for aught in the sector. We want to see action, which means these people in the Government getting out to understand what it is all about.

8.36 pm

Christopher Fraser (South-West Norfolk) (Con): May I just say first that to see the Secretary of State for Work and Pensions, who is to respond to the debate, only just arriving in the Chamber to listen to Back-Bench contributions is a great shame? I do not say that with any malice or for political reasons, but this is an important debate for us all, and it was important for her to listen to all the contributions, if she could. Perhaps she will assure us that she will respond personally to each and every Member who made one of the contributions that she did not listen to, so that the issues that they raised are taken seriously by the Government.

This debate is about the economy, the recovery and welfare, as has been mentioned. It is now a year since the Government announced their multi-million pound rescue package for struggling banks, hoping to get credit flowing once again. How much has changed since then? We talk of recovery, but people on the ground in my constituency are still having hard times. Throughout the summer, businesses were telling me that the banks were simply not lending. People are being forced to cut college or training courses because of a lack of funding, and most importantly people are still losing their jobs. That is key, and unemployment is still at a very high level. The latest figures released by the Office for National Statistics show that unemployment is at a 14-year high and the claimant count has increased. Moreover, and importantly, almost 1 million 16 to 24-year-olds are out of work.

I do not wish to be overly pessimistic, but does the Secretary of State agree that it is complacent to talk of recovery? The full recovery is still some way off, and we should talk up that fact, so that the proactive strategy that we have to undertake is understood by all. Does she recognise the problems that I have listed, and what are the Government doing to remedy them? In constituencies such as South-West Norfolk, we have suffered immeasurably. Unemployment in my region is currently at 7.5 per cent., and the number of jobseeker's allowance claimants has increased by almost 70 per cent. in the past year in one local authority area in my constituency and by 60 per cent. in another. Yet last year, in the midst of rising unemployment, the Government pressed ahead with their jobcentre closure programme.

People in South-West Norfolk have their own particular struggles. The rural nature of my constituency means that there are great distances between training courses and the remaining jobcentres. Public transport is scarce, and it is no option for many people. As for the 2p rise in fuel duty, which was implemented last month, it has not helped matters at all. In fact, it has made things worse for those who are out of work and trying to get a job. There is no doubt that that tax rise has hit many people in rural areas.

Like my hon. Friends, I am always keen to speak out in support of businesses, and particularly small businesses, because of the vital role that they play in rural constituencies, such as South-West Norfolk, and in the rest of the country. In a thriving economy, Governments do not create the jobs; businesses do. It is

[Christopher Fraser]

the job of government to create the environment in which businesses can thrive and a thriving, private enterprise, business economy makes the public sector work better, because taxes are paid, rather than artificial state subsidies and handouts.

UK businesses want to play a central role in the recovery of our country. Small firms generate more than half our national income and employ some 13.5 million people. They are enormously important sources of employment in these difficult economic times.

Mr. Pelling: The hon. Gentleman is speaking out very loudly on behalf of small businesses and is quite rightly saying that the Government should not distort the market. However, the Government have a role in regulation. Many big businesses are doing well in tapping the capital markets, but small businesses are not able to do so. Would it be better if the Government were less demanding in trying to get the banks to increase capital, and if they tried to slow down the rate of deleveraging, so that small businesses, which can recover our economy, can improve employment in constituencies such as South-West Norfolk?

Christopher Fraser: I hope that the Secretary of State listened to that comment. I concur that small businesses are penalised disproportionately by what the Government are doing.

The economic downturn has had a profound effect on businesses of all sizes as a result of falling revenues, rising energy costs, lack of credit and, most importantly, the burden of Government red tape. I make no apologies for repeating something that I have said in the House many times: during the '80s and '90s, SMEs were the backbone of our economic success and it is incumbent on the Government to create the same conditions in which they can flourish today and in future. However, too many small businesses in my constituency believe that the Government are failing them by—this is how they put it to me—over-regulation, wrong judgments about how they operate and a complete lack of understanding of the rural economy.

For example, let us look at the transitional relief scheme that expired in April. The scheme ensured that big increases or decreases in business bills due to revaluation were balanced and phased in gradually over a number of years to mitigate the impact on businesses, so why did the Government not put together another suitable scheme during a time of intense difficulty for businesses of all sizes, particularly when business rates have increased by 5 per cent.? Ministers had four years to do that and the deferral schemes have come too late for too many small businesses, because the Government did not implement the legislation early enough. Many companies will already have paid six months' worth of sky-high bills. What assessment has been made of the effect of that failure to act on the UK's ability to overcome the economic downturn, particularly on small businesses?

What about small business rates relief? Many small firms and shops are not claiming what they are entitled to, because they do not know how to go about the process of claiming or because they find it far too complicated. I urge all small businesses to check whether they are eligible for rate relief, which could save them thousands of pounds. If the debate advertises one thing, it must be that there is an entitlement to such relief. It is up to the Government to ensure that all small businesses can apply appropriately. What assurances can the Secretary of State give that the Government are looking to apply the rate automatically to small firms, rather than small firms having to apply?

The Secretary of State will no doubt wax lyrical about schemes that the Government have introduced to support businesses through the recession, as my right hon. and hon. Friends have described this evening. One example is the enterprise finance guarantee scheme. Not only have local businesses in South-West Norfolk told me that they have not been able to access capital through the scheme despite appearing to fit all the necessary criteria, but figures taken from a recent written question clearly demonstrate that the value of loans offered to companies should not be mistaken for the value of loans that have actually been drawn down. Does the Minister recognise that although loans may have been offered to firms, the success of the scheme can only be judged on the amount of capital that ends up in the system?

Businesses want to help this country to recover, but they feel constrained in doing so. For example, some of the best apprenticeships programmes are so over-subscribed that there are more applicants for them than there are places at Oxbridge. The Government have imposed so much costly and burdensome paperwork on firms that want to offer apprenticeships that there is no incentive for them to do so. Why have the Government failed on their promise to reduce excessive red tape and bureaucracy? Do the Government accept that they have missed targets on apprenticeships? Research undertaken by the Prince's Trust shows that young people without qualifications are twice as likely to claim JSA before they are 25 as those with qualifications. In the light of that, the Government should make it easier for firms to offer apprenticeships, not harder.

Historically, manufacturing has been an important constituent of the economy of Thetford and the surrounding area in my constituency. It has been a vital source of employment, but the Government have presided over a decline in manufacturing in the past 12 years that has hurt towns such as Thetford. The numbers speak for themselves, as my hon. Friend the Member for Preseli Pembrokeshire (Mr. Crabb) mentioned in an earlier intervention. In 1997, the manufacturing sector employed more than 4.5 million people, but today the figure is just over 2.5 million. Why have Ministers allowed the manufacturing sector to deteriorate? In Norfolk and East Anglia, the manufacturing base wants to employ people, take on apprentices and make a contribution, but it is stifled by the Government's actions.

Can the Minister assure me that the rural economy, which is suffering as a result of rising unemployment, and the east of England, which has lost out under this Government at every turn, will get their fair share of help? That will mean supporting businesses, not penalising them. For those in South-West Norfolk, it also means understanding the needs of businesses in rural areas. We also need a proper roads infrastructure as a matter of urgency to ensure that Norfolk—the only county in England that does not have a dual carriageway linking it to a national trunk road network—can reach its economic potential and participate fully in the future success of the United Kingdom.

Small business closures do not make the news. Instead of the hundreds or thousands of redundancies that we see when big firms go bust, only a few people are let go at a time. But every one of those job losses is a personal and family tragedy, and the numbers quickly mount up. I urge the Government to take this maxim to heart and start giving small businesses the help that they need so that our economic recovery can be assured.

8.48 pm

Mr. Peter Bone (Wellingborough) (Con): It is a great pleasure to follow my hon. Friend the Member for South-West Norfolk (Christopher Fraser), who made a powerful speech. I recognise many of the points that he made, especially those about loans to small businesses and the fact that they are just not getting through. He is also right to say that just one or two redundancies in each firm mount up to large job losses throughout a constituency.

I can think of no better way—and I genuinely mean this—to spend my birthday than in the Chamber and in your company, Madam Deputy Speaker. There can be no more important issue than the economy and the recovery. I remember a catchy tune—I shall not sing it, because I am an appalling singer and *Hansard* would not be able to record it properly—called "Things Can Only Get Better". I think that Tony Blair commissioned it. People voted Labour because they thought that things could only get better, but somehow that went wrong in my constituency—*[Interruption.]* Did the Government Whip wish to intervene? Things did not get better in Wellingborough, if they got better anywhere in the country. I can remember the Prime Minister telling us that there would never be another bust, because it would always be boom. We never had the boom in Wellingborough, but we have had the bust.

While I was sitting here this evening, listening to some very powerful speeches, I jotted down some of the things in my constituency that are different now from how they were in 1997. We had a secondary school, which is now demolished. The higher education college was promised millions of pounds for further investment. It spent £1 million on the research for that investment, only to be told that it could not have it. The motor test centre closed. The sewage works are now at capacity.

We have fewer policemen and women on the beat now than ever before—only 10 per cent. of their time is spent on patrol. We have had closures of local police stations and our local police chief has been moved. We have almost the worst ratio of police to population in the whole country. Twelve post offices have closed. We have potholes that would look good in Zimbabwe. We have the worst-funded primary care trust in the country. We have no NHS dentists. We have seen the closure of an out-patient facility. We have no hospital. The tax office is closed and, more importantly, unemployment is up.

I will say a little more about unemployment in a moment, Madam Deputy Speaker, but in Wellingborough in 1997 you could have gone to school, you could have taken your driving test, you could have seen a policeman on your street, you could have had your teeth fixed, you could have gone to a hospital, you could have driven your car without wrecking the wheels and, what is more, you could have gone to the toilet without fear of it being blocked. How did things get better under Labour? They have got worse and worse.

However, the most devastating statistic is that unemployment has doubled in my constituency. I thought that Wellingborough was perhaps the exception, but 11 constituencies have had a bigger increase in unemployment. I can remember debating with the Prime Minister when he was in denial about this issue. He claimed that my figures were wrong. However, I think that he has come round to accepting that unemployment is not only worse in my constituency, where it has doubled, but worse in the whole country.

It is a matter of fact that unemployment has been higher under every Labour Government when they have been thrown out of power than when they came to power. There is no question in my mind, and there should be no question in the mind of the electorate, but that the Labour party is and always has been the party of unemployment. The reason unemployment has gone up is that the Labour party always believes in spend, spend, spend, borrow, borrow, borrow and tax, tax, tax. Labour Members think that the way to protect jobs is by having a bigger public service. What they do not realise is that it is the private sector—the SMEs—that creates the jobs.

David Taylor: I see the hon. Gentleman as a friend, as well as a political opponent, but does he really believe what he has just said about the Labour party being tax, tax, tax, compared, I guess he was implying, with the Conservative party? Does he realise that the proportion of GDP taken by taxation in the 11 and a half years of Mrs. Thatcher's rule in this country was six full points more than it was in the 10 years when my right hon. Friend the Prime Minister was the Chancellor of the Exchequer? That is true, is it not? How can that be tax, tax, tax?

Mr. Bone: I recognise the hon. Gentleman as one of the very best Back Benchers in the House, but it strikes me that there will be a clear difference when we go into the general election. There will be a Government saying, "We can get by by borrowing more and not cutting expenditure and raising taxes," and another party saying, "You have to make real-terms cuts in public expenditure." The Leader of the Opposition and my hon. Friend the Member for Tatton (Mr. Osborne) have given us an extraordinarily brave policy. In all the time that I have been involved in politics, I can never remember a party going in with such honesty and saying to the public, "Elect us and, in the short term, you'll be worse off in many regards, but in the long term the future will be better."

If we tell the public, "We are going to be honest with you. We are going to bring forward the year in which the retirement age increases. There is going to be a public sector freeze," that is brave and honest. That is what people out there want to hear—they want to hear the truth. I am immensely proud to be part of a party that is going into the election telling the truth and not pretending that there will be no cuts in public services. In their figures, the Government happily admit that welfare benefits and the interest on our debt are going up, but they cannot say that they have to cut departmental expenditure because of that. I think that the Chancellor would be brave enough to say that, but he cannot get the Prime Minister to say it.

In the limited time that I have, I want to move on to a couple of points. One, which has not been touched on

[Mr. Bone]

very much, is the effect on markets of the fact that sterling has devalued because we are not tied to any other exchange rate. That is good news for our manufacturers because it makes their products cheaper in overseas markets and overseas manufacturers' products more expensive in this country. That can occur only because we are not part of the euro. Earlier, I challenged a Minister to pop up at the end of the debate to say, "We will no longer consider ever joining the euro." That is the Government's policy at the moment, but if they scrap it tonight, everyone in business will feel a lot better.

The other issue that I want to discuss has not been mentioned at all—it was not mentioned by my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke), by the Minister or by the Liberal spokesman, the hon. Member for Caithness, Sutherland and Easter Ross (John Thurso). Next year, this country will pay the European Union an additional £4 billion compared with last year. That is not £4 billion in total—the total is £6.5 billion—but an increase of £4 billion. We paid £2.5 billion last year and we will pay £6.5 billion next year. There can be no possible justification in the middle of a recession for handing over British taxpayers' money to subsidise Greek, Spanish and Irish farmers. That is wrong. That is not an anti-EU point—it is just plain common sense. If you agree to increase your contributions as a percentage because you believe, and you are told by the Prime Minister—

Madam Deputy Speaker: Order. Can I just remind the hon. Gentleman again about the use of the word "you" in Parliament? Please do not bring me into the debate.

Mr. Bone: Sorry, Madam Deputy Speaker. I did not, of course, mean you—I meant the Prime Minister. The previous Prime Minister rightly said that he would surrender Mrs. Thatcher's rebate if the European Union reduced its budget, so our overall contribution would not increase. Unfortunately, he was fooled. The European Union's budget has continued to grow, and our contribution is going from £2.5 billion to £6.5 billion. I do not think that a single citizen in this country believes that that is right. Why are we giving such a sum to the European Union when we will have to cut Territorial Army training and the number of teachers and police officers?

Christopher Fraser: Does my hon. Friend agree that what really affects people is losing jobs in the real world and not getting support back home in our constituencies from the Government? Every single job lost in our constituencies means that a life is blighted, regardless of what Europe might do.

Mr. Bone: I entirely agree. My constituency has seen unemployment double, and it cannot be right to make public sector cuts when we are paying more to the European Union.

Finally, I should like to make a plea about the unemployment levels in my constituency. If Wellingborough had had a large manufacturing company that had gone bust, we would have had enormous help from the Government. Because smaller businesses have gone under, however, the overall total of people being made unemployed is greater than if a big company had gone under. One of the best known retailers in my constituency is currently in a consultation process that will probably lead to its closure, and a major logistics company has laid off 100 people this week. While I have been in the Chamber today, I have received a note to say that another company in my constituency has gone under.

I have a lot of respect for Labour Members, but when they start talking about unemployment, I do not think that they really understand the situation. They should not try to say that it is not happening. They say that we have all these wonderful schemes that are putting it right, but they are not putting it right. Until they recognise the problem, they will never find a solution.

9 pm

Mr. Charles Walker (Broxbourne) (Con): We live in an age of historically low interest rates. They have not been this low for hundreds of years, if ever. At this time in our economic crisis, low interest rates are absolutely what we need. They are a very good thing, but who are they benefiting the most? I am not convinced that they are feeding through to mortgage holders and home owners. I am certainly not convinced that they are feeding through to businesses.

The LIBOR rate is now just a fraction over 0.5 per cent. That means that banks are borrowing money at 0.5 per cent. interest, but they are lending it out to young people who want to take out mortgages—not extravagant mortgages; just three times their earnings—at 5.5 per cent. That represents a 1,000 per cent. gross profit. If a business wants a loan, it might have to pay 11 per cent. interest, which represents a 2,000 per cent. gross profit for the bank. Most businesses would be lucky to make a gross profit of 12 to 15 per cent. The interest on a credit card could represent 3,000 to 4,000 times what the bank is borrowing the money for. Banks are using that money to strengthen their balance sheets, and perhaps that is not a particularly bad thing, because we want strong, vibrant banks. My concern, however, is that the benefits of low interest rates are not being shared around fairly.

My right hon. Friend the Member for Wokingham (Mr. Redwood) said in his excellent speech that we had a shortage of competition in the banking sector, and I agree with him. He are also pointed out that we are facing the prospect of banks that are propped up by the taxpayer paying out enormous bonuses. In essence, they are paying out taxpayers' money. I have a warning for the Government and the political class: the public—the electorate—will not stand for that at a time when many people in normal, ordinary jobs and earning normal, ordinary salaries in the private sector are seeing their take-home pay go down as a result of pay freezes or, often, pay cuts. They will not stand for it at a time when politicians are talking about public sector pay freezes, not for the fat cats who run quangos or who are at the very top of the Departments but for the people earning £18,000 or £19,000 a year. We have to accept that the people who will be bearing the real pain in the years ahead will just not accept bankers rewarding themselves with enormous bonuses.

I do not think that the plans for regulating bonuses will work. I do not think that we can regulate bonuses. I suppose that we could try to do it through the tax

system. We could have a windfall tax on banks' profits. We could have special taxes on the bonuses awarded to bankers. I sincerely hope, however, that we do not reach that stage, because I do not think that that is what is needed.

I urge the banks please to exercise some emotional intelligence in the years ahead and recognise that many decent people will suffer as a result of their—the banks'—excesses over the past decade. That is my plea and my warning to banks. I never want to be in this place debating legislation to impose a windfall tax, which goes against almost everything that I believe in, but the ball is very much in the banks' court. They need to give this matter some very sober reflection.

Let me deal with a couple of other issues that have not been much touched on. I believe in equality and in a flexible labour market, but I also believe in innovation. I want to see many more women in senior jobs feeling that they can have a family. What we know—it is a fact—is that many companies, despite equality legislation being in place, are put off hiring women of child-bearing age. I think that that is a great mistake, but it is a reality. We in this place need to come up with an innovative solution to help companies to make the right decision.

I believe that we should look at having national insurance holidays, so that when a company hires a temporary worker to replace a female worker on maternity leave, the company will get a national insurance holiday. I think that that would be an incentive—it may not be a game-breaking incentive, but it may be an innovative way of ensuring that more companies make the right decision when it comes to hiring women, and do not penalise those women who want to have children.

I conclude my very short post-recess, post-hibernation speech with a quick critique of the welfare system. I am very proud of this country's welfare system, which I think marks us out as a civilised country, but I am very concerned that at times it may not be fair. Many Members—in fact all Members—will have been visited at their constituency surgeries by constituents who might have paid national insurance for 20 or 30 years, but when they are made redundant, the benefit system barely reflects it. Their benefits may compare not too favourably with those of someone who has chosen a life on benefits as a career option. I make this plea to all political parties: let us take a look at this issue. When people have a track record of paying national insurance contributions—not indefinitely, but certainly for a few months, perhaps a year—let us reflect that track record of contribution and responsibility in the payments we make to them. Being unemployed should not be a punishment or a cause for shame. We owe it to these people to be more innovative in the way we approach welfare and how we look after those people who are in between jobs, but desperate to work.

I have spoken for eight minutes, Madam Deputy Speaker, and I shall now sit down to let others have a turn.

9.8 pm

David T.C. Davies (Monmouth) (Con): We are all delighted to see that some Ministers have finally found the time to come back to discuss the shambolic state of the economy, which their Government have helped to cause. The Minister talked about déjà vu and gave us a little history lesson. I study history a little, so I know that every Labour Government have failed this country's economy—whether it be Ramsay MacDonald, who had to walk away from his own Government; Clement Attlee, who built his new Jerusalem on the back of American war loans; Harold Wilson, who told us that the pound in our pocket was going to be the same, even if he devalued it by about 15 per cent.; or Jim "Crisis, what crisis?" Callaghan, who left the place in a state of industrial anarchy. Every time it is the same, but this time Gordon Brown, who will no doubt be remembered for ever as the man who told us that he had eradicated boom and bust—

Madam Deputy Speaker: Order. The hon. Gentleman must remember to address other Members of this House correctly.

David T.C. Davies: I am sorry, Madam Deputy Speaker, if I get carried away as I think about the chaos that has been wrought upon us. When we come to remember the Prime Minister for his comment that he had eradicated boom and bust, we should also remember that this was the Prime Minister who could not keep the books straight and was unable to spend just what he earned in taxation since the year 2000. All of us on this side of the House know that a nation or a company, a family or an individual, spending more than is being earned will sooner or later come to grief.

What did the Government do when they realised that they were spending more than they earned? They began selling off what assets they could. They made a bit of money—not very much at all—when they sold gold. They made a little more when they sold off the licences for the use of mobile phones and privatised air space. But, ultimately, they went back to doing what all Labour Governments do. Labour Governments tax and they spend and they borrow and they spend, and when all that fails—as, of course, it finally has—they print money, and spend it in the fashion of Robert Mugabe in Zimbabwe.

The people of this country will not be fooled, and they will not be fooled by excuses that it is all the fault of United States bankers. They can see for themselves what this Labour Government have actually done, and now they are looking for leadership. They are looking for a Government who can actually do something to support businesses and to get the economy back on its feet.

We could do a lot worse than listen to what Sir Terry Leahy said the other day about people leaving school. We are not discussing education here today, but let me put it in a nutshell. A large number of people—one in five or so—leave school completely illiterate and completely innumerate, despite the money that the Government have poured into education. Meanwhile, another slice of people pass every single exam, emerge with degrees in golf studies management, and are still unable to obtain jobs. What has happened to the apprenticeships? What has happened to the pride that we used to take in our manufacturing industry, in science and in technology? What has happened to the pride that we took in decent vocational jobs? Nowadays, our plumbers and electricians must come from eastern Europe.

I have done plenty of manual vocational jobs. I was once a long-distance lorry driver working for Lucas Girling. That is a productive job, and nothing at all to

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be ashamed of. After that I was a manager in my family's small haulage company, another productive job that was nothing to be ashamed of—and then I was elected to the Welsh Assembly. Well, we will say nothing more about that; but one of the things that I learned when I was running that small business is that there is no respect for the private sector in Government. The Government impose all sorts of rules and regulations on businesses which are not applied to companies in other countries, and those countries then happily export their goods to this country.

We have had to put up with the burden of legislation to deal with, for example, dismissal. It is a fact of life that some people are not very good at their jobs. Some people are lazy and do not turn up for work on time, some people are inefficient, and some people are dishonest. I had cause to suspend a person for dishonesty in my own office, someone who was stealing money, and do you know what? It was absolutely impossible for me to dismiss that person. I tried everything. I went to see the solicitor and said, "This person has been filmed stealing my money," and I was still not able to sack her. It is no laughing matter: it is virtually impossible. In the end I just about managed to get away with paying her off and having to give her holiday pay. That hurts me, and I know plenty of people in a similar position.

John Mason: The hon. Gentleman suggests that it could be easier to get rid of people in this country, but I understood that in France and some other countries there was more protection for employees, and that therefore employees here could be sacked more easily.

David T.C. Davies: The point I am making is that people cannot be sacked easily enough. If someone does not turn up for work—*[Interruption.]* Oh yes, and it needs to be said. If people fail to turn up for work on time—as someone did in my office, day after day, week after week—it is impossible to get rid of them. If people start stealing money from the table in our offices, we find it hard to get rid of them. It is too difficult to sack people. They usually get paid off in the private sector, and in the public sector they usually get promoted. It is about time we did something to help small business people.

My hon. Friend the Member for Broxbourne (Mr. Walker), in his usual tactful and diplomatic fashion, mentioned the fact that many people are afraid to employ young women of child-bearing age in the private sector. Of course they are, and who can blame them? It is not because people are sexist. Those in the private sector cannot afford sexism, racism or any other kind of ism: the best person for the job is the one who gets the job. Those who do not apply that rule will go out of business pretty quickly.

I always wanted the best people working for me. I did not give two hoots about the colour of their skin, their sexual orientation, or whether they were male or female. But I must admit that I was not the only one who worried that if I employed someone of child-bearing age, I would end up footing the bill for it. I know other people who will say quietly—not openly—that they worry about employing women, or even people who are black or Asian, not because they are racist but because they are afraid that if things do not work out, they will be taken to a tribunal. I condemn that attitude, but it is now the attitude of an increasing number of people in the private sector, and we all need to grow up a little bit and realise it.

The Government have wrought chaos on the economy of this country, but there is still one group of people in the British public sector who can be sacked: Members of Parliament. I look forward to seeing large numbers of Labour Members of Parliament being sacked at the next general election and being replaced by people who care about the economy, business and getting value for money for the taxpayer.

9.15 pm

John Howell (Henley) (Con): It is a great pleasure to follow my hon. Friend the Member for Monmouth (David T.C. Davies), whose passion came through eloquently.

I want to pick up on a comment made by the Ernst and Young ITEM Club: growth depends critically on recovery in exports. Despite the weakness of sterling, I have yet to be convinced that we are making the most of the opportunity that it offers. Indeed, 46 per cent. of manufacturing firms have said that export orders are lower than normal. Part of that can perhaps be explained by the state of markets overseas, but not all of it can be. In the 1990s and the early years of the current decade, I was greatly involved with UK Trade & Investment and its predecessor organisations as one of those international business men who were called in from time to time to help steer them and to provide advice. From that experience, I know of the huge potential for the UK in export markets. We should not underestimate the role of small and medium-sized enterprises in export. My personal experience in that regard is of being involved with an SME that managed each year to ensure that 50 per cent. of its turnover came from outside the UK.

We are missing out, and we need to ensure that the balance is right between promoting inward investment to the UK and encouraging trade promotion. Over the past few years, that balance has swung towards promoting inward investment. We need to ensure that that effort is effective. The problem with current activity is that it is not focused and has introduced an artificial competitive situation between the English regions. Why on earth do we need four-and-a-bit offices from different English regions in China? The level of that competition is illustrated by an anecdote told to me by somebody returning from China to the west midlands following a trade mission. He said, "The whole thing was an utter disaster." I asked why, and he said, "We couldn't get the Chinese to understand the difference between the east midlands and the west midlands." If we are in that sort of situation in our trade activity, we have an awfully long way to go. There is much need to target UKTI support on countries, sectors and companies where there is a real return on investment. It is about time that the Government stepped up their game.

The Minister for Business, Innovation and Skills danced around the topic of whether we were in a recovery—whether we were nearly in a recovery or how far we had to go. No one would be more delighted than me if we were now in a recovery, as that would clearly be in all our interests. The true picture is obscured, however,

by the dust created by the whirlwind of Ministers rushing to gain credit for anything that looks remotely green and leafy. We do not know whether we are in recovery yet. We see statistics that go one way and others that go the other. More importantly, we do not really have a clear picture as to what is the "normal" that the Government are striving to achieve in trying to bring us back to normal. In fact, anyone who has listened to the debate would be forgiven for thinking that it might consist either of the normal that existed before the whole crisis started or—to some hon. Members at least—the normal that probably existed only in the myths of Labour party history.

Most of the good news that there is comes from surveys and anecdotal evidence. I accept that surveys can be a leading indicator, but they are difficult to judge and the attitudes expressed in them are volatile. That was brought home to me at a recent meeting of businesses in my constituency. Those present complained that there had been no real positive change in their companies despite their efforts to get into more selling and to get into e-business and improve their websites. In my constituency, at least, the situation is absolutely terrible for the Government, because not even Lord Mandelson's press releases are beginning to strike home. Awareness of business support schemes—such as they are—is extremely low, and businesses have taken to offering mutual support by providing each other with expertise and assistance in selling skills, rather than relying on Government schemes that simply do not deliver. The recovery that we are about to go into is anaemic at best; the hope of recovery is clearly running ahead of reality.

Let us contrast the Government's approach, consisting of a rag-bag of short-term measures with little thinking for the future, with the integrated plan for business, skills and welfare set out by my party's Front Benchers. I particularly welcome the emphasis on encouraging entrepreneurs and our Work for Yourself initiative. I am aware of the huge talent that exists, and of the huge help that such people need. Mentoring is useful because being a sole trader or entrepreneur is a lonely experience. I have great admiration for organisations such as the Prince's Trust, which provide mentoring. However, access to loans is also paramount for such businesses. There is certainly much lacking in that regard, and we will have great difficulty in taking matters forward unless that problem is sorted out.

There has been too much emphasis in the past few years on the difficulties associated with self-employment, which also brings enormous advantages. Such people are their own boss and have control over their daily workload, and their sense of achievement and personal fulfilment is enormously high. Their level of achievement cannot be controlled by anyone else—except perhaps by their customers—and there is complete recognition of their achievements and successes. I am pleased that that is part of the initiative for getting people back into work, and I look forward to seeing it develop over the coming months.

9.22 pm

Mrs. Theresa May (Maidenhead) (Con): I am pleased to reply to this important debate, which was so ably opened by my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke). He showed in his speech and in his responses to the many interventions that he took that he understands the nature and depth of the crisis facing this country, and the response required from Government, rather better than any of the Ministers do.

As I have said, this was an important debate and a number of Members welcomed the opportunity to discuss matters relating to the economy; however, it is striking that once again, a debate on the economy and specifically unemployment and welfare has been brought to this House not by the Government, but by the Opposition. It has been left to us to raise these important issues, which affect our constituents and matter not only to them individually but to the future of our country. It is shameful how few Labour Members were willing to contribute to this important debate or, indeed, even to come in and listen to it, striking as it does at the heart of the debts and jobs crisis that this Government have brought us to.

As my right hon. and learned Friend said, we live in terrible times, presided over by a Government of the living dead whose response is a plethora of packages and accompanying press releases, most of which have had little impact in the real world, but all of which are designed with one aim only in mind: to provide publicity for the Government and to try to improve their image. This was illustrated by my hon. Friend the Member for Banbury (Tony Baldry), who referred to the complexity of the advice given to young people who are not going to university, and how confusing they find it to discover which Government schemes are real and which are merely press releases.

My right hon. Friend the Member for Wokingham (Mr. Redwood) got it spot on when he said that the problem is that the Government are following an election strategy, not a recovery strategy. As he said with his customary force and passion, Conservative Members are here talking about this today because we want to see more opportunity for all and we want to do the best for our country.

There was real passion in a mixture of contributions from my hon. Friends. My hon. Friend the Member for Northampton, South (Mr. Binley) spoke with real passion about the problems of small businesses, as he does on many occasions in this Chamber. My hon. Friend the Member for South-West Norfolk (Christopher Fraser) showed a real understanding of the needs of rural areas. My hon. Friend the Member for Wellingborough (Mr. Bone) spoke, as is his wont, with real concern about job losses in his constituency. I know, as will the Minister for Business, Innovation and Skills from the correspondence that I have had with him about the redundancies at Nortel in my constituency, how devastating redundancy can be for many people, particularly when insolvency practitioners choose not to abide by the consultation rules set down in relation to redundancies. My hon. Friend the Member for Henley (John Howell) has just spoken from real experience about promoting inward investment and about how this country needs to have a rather more strategic approach than that which is perhaps encouraged by regional structures.

At times, this has been an amusing debate, with a distinct flavour of déjà vu. That was notable in the contribution from the right hon. Member for Holborn and St. Pancras (Frank Dobson), who was ably assisted by the hon. Member for Luton, North (Kelvin Hopkins) and the right hon. Member for Oldham, West and

[Mrs. Theresa May]

Royton (Mr. Meacher). They not only showed that old Labour is alive and kicking, but exemplified in their speeches one of the key reasons why this Government constantly get it wrong: they still believe that government always knows best and that it has the answer to every problem.

Indeed, the Minister for Business, Innovation and Skills, in his opening speech, attacked my right hon. Friend the Member for Witney (Mr. Cameron) for what the Minister characterised as an attack at our party conference on big government. When will this Government understand that the relentless expansion of the public sector, fuelled by borrowing and sucking resources from the private sector, does not encourage economic growth, but stifles growth and wealth creation in the private sector? The hon. Member for Caithness, Sutherland and Easter Ross (John Thurso) said that businesses create jobs, not government, but of course this Government have been creating jobs in the public sector. One of the problems in recent years has been the imbalance of job creation between the public and private sectors. In the long term, that imbalance and disparity is simply not sustainable.

The hon. Member for Northampton, North (Ms Keeble) made an interesting contribution, in which she referred to the use of flexible working to keep people in jobs. Like her, I hope that we will see a different approach to flexible working in the future, and I welcome the intervention of my hon. Friend the Member for Broxbourne (Mr. Walker) in relation to his ideas on how to improve the employability of women of child-bearing age.

References were made to the impact of the recession on families by, among others, my hon. Friend the Member for Mid-Worcestershire (Peter Luff). In a well-informed contribution that drew on his role as the Chair of the Select Committee and the work of that Committee, he reminded us that the problem with the Prime Minister's claim to have ended boom and bust was that it was not just a political mantra; it led people to make decisions about their family finances that many have come to regret. The Prime Minister may have used it as a party political weapon, but it was deeply damaging and totally irresponsible.

My hon. Friend the Member for Preseli Pembrokeshire (Mr. Crabb) referred specifically to the problems faced in Wales. He said that the Government are in denial, which was illustrated by the Minister's opening speech. That speech contained denial about the Government's role in getting the country into this mess. Did the Minister open his speech by talking about the 2.47 million unemployed people, the 2.6 million people on incapacity benefit or the fact that this country has the highest level of youth unemployment in Europe? No, he did not. Less than a minute into his speech, he was talking about the Conservative party and its policies. By the way, he misrepresented our policies, by suggesting that we would withdraw help from unemployed people. In fact, our work programme and overall plans to get Britain working would help more unemployed people than the Government are helping, would help most of them at an earlier stage than the Government and would ensure that those people are helped into sustainable jobs.

Yvette Cooper: Will the right hon. Lady clarify whether she supports the £5 billion that we have put into helping the unemployed this year and next? Yes or no?

Mrs. May: The Secretary of State keeps coming up with this issue. The problem with her approach is that she thinks that one either supports everything that the Government are doing or one does not support doing anything at all. Of course, the answer is that we support doing something in a rather better way than the Government's proposals. We support giving people help in getting sustainable jobs. I can tell the hon. Member for Glasgow, East (John Mason) that that is a fundamental difference between us and the Government in relation to our welfare reform proposals.

There is a pattern to the way in which the Government provide so-called support for businesses and for unemployed people—they keep announcing schemes; they get the headlines; and they do not care whether the help works. We saw it with the new deal for young people, which was a revolving door for most young people back into benefits. Today, one in five young people cannot get a job. We have nearly 1 million unemployed young people and the highest level of youth unemployment in Europe. At least the new deal for young people intervened after the young person had been unemployed for six months. The flexible new deal leaves young people unemployed for a whole year before they are given that help, and even the much-heralded future jobs fund and young person's guarantee kick in only at 10 or 12 months.

We believe that a lengthy period of unemployment early in one's working life can have a devastating impact on that working life. We need to give young people help earlier, and that is why in our work programme we will refer young people to the specialist help provided by welfare-to-work providers in the private and voluntary sectors after they have been unemployed for six months.

Our work programme will give more help to young people and will also give help to a group of people who are out of work and who are being effectively ignored by the Government. Labour Members—we heard one or two of them tonight—are quick to complain about the number of people on incapacity benefit, but the Government have done nothing to get the many people on incapacity benefit who want to work into jobs. That is a damning indictment of the Government, who have abandoned too many people to a life dependent on benefits. Of course, some people on incapacity benefit cannot work and they should be supported, but under our work programme people on incapacity benefit who can work will be referred straight away to specialist help. We need to give them the support that will get them into jobs and help them to transform their lives and those of their families. We know that children brought up in a workless household—there are 1.9 million of them today—are more likely to become workless themselves. All too often, their performance at school is affected, too. Frankly, the Government should be ashamed of their failure to support to people on incapacity benefit.

Lots of schemes have been announced by the Government over the years—we have had new deal after new deal. There was even a new deal for musicians. Today, we have the flexible new deal, pathways to work, the invest to save pilots and the progression to work pilots—the list goes on. However, people do not want a

complex multiplicity of schemes. They want a single integrated programme that will give them real help and that works. They do not want help into a short-term job; they want help into sustainable work.

Today, under the flexible new deal, a provider can get 40 per cent. of their money without getting anyone anywhere near a job, and they can get 70 per cent. of their money for getting someone into a job for 13 weeks. That is one of the problems with the Government's approach to welfare—they think that 13 weeks represents a sustainable job. For too many people, as we have seen under the new deals, all that happens is that at the end of those 13 weeks they come out of the job and go back on to benefit. The scheme has been a revolving door to benefits and there is every sign that that will happen again.

Under our get Britain working scheme, a sustainable job would last for a year and providers would be paid by results. Crucially, they would be paid more to help people who are harder to help into work. That is a real incentive to provide help to the long-term unemployed. When we provide incentives and pay people by results, there is a danger that they will help people who are easy to help into the workplace and will leave others to one side. The Minister for Employment and Welfare Reform is nodding, but if he agrees with me, why does the Government scheme signally fail to address the issue, as it pays the same for everyone with whom the welfare to work providers deal, so it is all too easy for them to give help to people who are easy to get into the workplace and, in the jargon, "park" those who are difficult to get into the workplace? That is another reason why, under the Government's proposals, we are unlikely to see any real help for people who are long-term unemployed.

Steve Webb: The right hon. Lady is discussing methods of prioritising different groups among the unemployed—helping people on incapacity benefit into work, and trying to help the long-term unemployed into work—but does she envisage that there is a larger pool of jobs for them to move into, or will they just take a different place in the queue for the same number of vacancies?

Mrs. May: In the present circumstances, there is not a large pool of jobs for people to move into. It is important that we start the work now with those people who are long-term unemployed to ensure that when the jobs become available as the economy recovers, people have the skills and have been given training and support, so that they can take the job opportunities that are on offer. It would be shameful if the country came out of recession, and if more jobs were available, but those of the 2.6 million people on incapacity benefit who were able to work were still denied the help and support to get them into the workplace that could be given to them by the sort of scheme that I am talking about and that a Conservative Government would introduce.

Frank Dobson: Will the differential aspect of the scheme mean that payment for getting someone into work in an area of high unemployment will be higher than for getting someone into work in an area of low unemployment?

Mrs. May: The differential will be determined by the nature of the individual, the difficulty of getting them into work and how much skills training and other training they need. We will be able to offer this sort of support to long-term unemployed people, but the Government have not been able to do so, because Ministers from the Department for Work and Pensions have not been able to carry the argument with their Treasury colleagues. Underlying such a scheme is the ability to pay for programmes to help to get people into work from the benefits saved by getting them into work—in the jargon, the so-called DEL-AME switch.

It is a great disappointment that DWP Ministers have failed to take that argument to the Treasury, because this is not just about accountancy but about helping people to have a better quality of life by helping them to get into work. We must make sure that when this country comes out of recession, we have people who are trained, skilled and able to take the jobs that are available. We must make sure that we do not come out of recession with an increase in long-term unemployment, but sadly, under the Government's proposals, I fear that that is exactly what will happen.

Paul Rowen (Rochdale) (LD): I have listened carefully to the right hon. Lady's argument. Will she confirm that employers who accept long-term unemployed will receive a proportion of the benefits as payment for taking them on under the Conservative proposals, and will she tell us at what level that will be set?

Mrs. May: The payment for results goes to the welfare to work provider, who is providing the training and support to get people into jobs. Part of their job is to make relationships and partnerships with employers to ensure that they have the jobs available for the people whom they are helping and skilling.

My hon. Friend the Member for Monmouth (David T.C. Davies) said that people want a Government who will support business. They want a Government who will be honest about the problems facing the economy. They want a Government who will face up to the tough choices ahead, and a Government who will give people real help. This Government are in denial: they are in denial about the depth of the debt crisis; denial about their role in bringing this country to the state it is in; denial about the state of the jobs crisis; denial about the failure of their welfare programme. It is time that they accepted—excuse my coughing.

The Minister for Pensions and the Ageing Society (Angela Eagle): Have a sip of water.

Mrs. May: I thank the Minister. I might just make it to the end without a sip of water, if she bears with me.

It is time that the Government accepted that the only Government who will give business the support that it needs and unemployed people the help that they need, the only Government who are willing to face up to the depth of crisis that the country is in and to make the tough choices to get the country out of the present crisis and give real help to people are the next Conservative Government.

9.40 pm

The Secretary of State for Work and Pensions (Yvette Cooper): We have debated this afternoon and this evening how we respond to the first world recession since the

[Yvette Cooper]

second world war, the fall-out from the biggest financial crisis for many generations. We had a range of contributions. The right hon. and learned Member for Rushcliffe (Mr. Clarke) gave us a meandering tour of several decades until he was floored by a question about which regulations he would remove. He has had plenty of time to think about that. He has promised us a review, so that is all right.

The hon. Member for Caithness, Sutherland and Easter Ross (John Thurso) said that he would vote for the Opposition motion, although he opposed most of the measures in it. He certainly opposed the early withdrawal of the fiscal stimulus, which was slightly confusing, but I guess that is the prerogative of the Liberal Democrats. Several hon. Members spoke about the difficulties still faced by companies in getting the finance that they need. The hon. Members for Northampton, South (Mr. Binley) and for South-West Norfolk (Christopher Fraser) spoke about difficulties—for example, for companies needing to get finance.

Christopher Fraser: Given that the right hon. Lady was not present throughout much of the debate, a point that I made earlier at the start of my speech, will she assure the House that she will write to all of us who made a contribution on all the issues that we raised, so that we can go back to our constituents and tell them that the Minister had listened, rather than being elsewhere this evening?

Yvette Cooper: I can tell the hon. Gentleman that I listened very carefully to the points that he was making, which I plan to address now, and to many other hon. Members, including those whom I was able to watch on the monitor, as well as those whom I was able to hear directly in the debate.

It is hard for companies across the country who are still being affected by the credit crunch. The enterprise finance guarantee scheme means that 5,800 businesses have been offered loans totalling more than £585 million. The banks that are getting support from the Government have signed legal agreements to increase their lending, but world markets are still suffering from credit constraints. That is why continuing the support for the economy from the Government and the Bank of England, and from Governments and banks across the world, is so important.

Now is not the time to withdraw that fiscal and monetary support. The right hon. and learned Member for Rushcliffe seemed to suggest that it was the right time to withdraw that support. I say to all Opposition Members who were concerned that people were not taking sufficiently seriously the plight of their companies or their families that they should direct those comments to those on their own Front Bench, who seem to be arguing that we should withdraw the support just at a time when I think support is needed to sustain recovery.

Mr. Kenneth Clarke *rose—*

Yvette Cooper: I give way to the right hon. and learned Gentleman, who I hope will clarify that point.

Mr. Clarke: Apart from the automatic stabilisers, which we all accept and support, the only significant measure of fiscal support that I am aware the Government are giving is the VAT reduction, which they propose to withdraw at Christmas. Why is it right to withdraw the VAT reduction at Christmas, if any other reaction to the present fiscal deficit is a serious threat to our economy and the national future?

Yvette Cooper: As the right hon. and learned Gentleman will be aware if he has read the Budget documents, as well as the VAT cut there are the additional public sector capital projects, which are being brought forward to increase and accelerate public sector investment. In addition, there is the £5 billion support for the unemployed, which all the Opposition Members have refused to support. The right hon. Member for Maidenhead (Mrs. May) has made the same mistake before. She says that that is the automatic stabilisers, but that £5 billion is not in support of unemployment benefit. It is additional investment in services to help the unemployed. This is discretionary additional spending, which the Opposition have repeatedly opposed. If they want to change their policies and provide support for the action that we are taking to help businesses and to help the unemployed right across the country, we would welcome them doing so. It would be a pretty massive U-turn, but I am sure the right hon. and learned Member for Rushcliffe would be happy to do that.

Mr. Kenneth Clarke: So far as I am aware, the only classic Keynesian capital scheme that has been advanced in the entire country is the dualling of a road in my constituency, and for that I am exceedingly grateful. The Government could not find any other shovel-ready schemes to put money into. This country has taken hardly any measures to introduce a fiscal stimulus to the economy, because we cannot afford it owing to the state of the public finances. On the biggest measure that the Government found, the VAT cut, they are actually going to end it—quite rightly—at Christmas.

Yvette Cooper: I am afraid that the right hon. and learned Member continues to be wrong, because we are providing additional support throughout the country for primary schools that are having their repairs done. Furthermore, the £5 billion for the unemployed will include £2.9 billion next year to support the expansion of employment programmes and the expansion in job centres of the number of additional advisers who need to ensure that people continue to look for work.

There is additional support through the future jobs fund, too. Unfortunately, Opposition Members continue to oppose it. They continue to oppose every penny of that support, which is helping the economy. In fact, they go further: they do not simply oppose the fiscal support; they want to make cuts in the middle of the recession—something that would be so devastating for people, for families and for businesses right across this country, and something that economists, the CBI, business organisations, families and community groups oppose.

Frank Dobson: Will my right hon. Friend take this opportunity to remind the Tories that they need to be consistent?

Peter Luff: You were a Blairite once!

Mr. Speaker: Order. The hon. Member for Mid-Worcestershire (Peter Luff) is a very senior and celebrated Chairman of a distinguished Select Committee. He really must know how to behave a little bit better than that, and he can behave so much better when he tries.

Frank Dobson: Will my right hon. Friend remind the Opposition that when the reduction in VAT was announced, they said that it would have no effect whatever? They cannot really claim that its reintroduction will be damaging.

Yvette Cooper: Interestingly, the right hon. and learned Member for Rushcliffe was one of the few people who did, at least temporarily, support the reduction in VAT.

The best way to help businesses and jobs right now is to ensure that we act to get the economy growing again as soon as possible. That is what we are doing; that is what we did last year when we stopped the banks going under; that is what the Bank of England is doing, backed by the Government through quantitative easing; and that is what we are doing by cutting taxes this year and increasing public capital projects and support for the unemployed. The International Monetary Fund says:

"The UK authorities policy response to the deep recession and global financial crisis has been bold and wide ranging... The aggressive actions by the authorities have been successful in containing the crisis and averting a systemic breakdown."

I disagree with the hon. Member for Glasgow, East (John Mason), who said that he saw no difference between the policies of the major parties. In fact, there are major differences between the two main parties. Opposition Members want to rewrite history and claim that they supported all the action on the banks, but, in fact, that is not true. They opposed the nationalisation of Northern Rock. They saw that as "big government". The powers that we used to stop Bradford & Bingley collapsing were actually powers that Conservative Members voted against last year. Presumably those powers were "big government", too.

On fiscal policy, as we have said already, the call for cuts in the middle of a recession would be devastating. The shadow Chancellor, the hon. Member for Tatton (Mr. Osborne), said that

"the discretionary borrowing had to stop".

Let us just think for a moment what that means: not just no VAT scheme, but no car scrappage scheme, which has helped boost car manufacturing; no help for 150,000 companies that have been able to delay their tax bills; no help for the housing market or for families worried about their mortgages; no boost for the struggling construction industry from accelerating public projects; and, no £5 billion investment for the unemployed. That is suicidal economics. Professor David Blanchflower called it an economic "death spiral". He said:

"If spending cuts are made too early and the monetary and fiscal and the monetary and fiscal stimuli are withdrawn, unemployment could easily reach four million.... If...there are substantial cuts in public spending in 2010, as proposed by some in the Conservative Party, five million unemployed or more is not inconceivable."

That is the testimony to the Conservatives' economic policies. *[Interruption.]* They do not like us quoting from Professor Blanchflower, but what about the former Conservative wise man and friend of the right hon. and learned Member for Rushcliffe, Roger Bootle, who is not known as a supporter of the Labour party? He said:

"A Conservative Government could cut too hard. They may put up taxes quite a lot and that could clobber the recovery."

The really irresponsible thing about the Conservatives' position is that cutting support for the economy will increase costs. As my right hon. Friend the Member for Holborn and St. Pancras (Frank Dobson) said so clearly, pushing up unemployment pushes up debt. For every 100,000 people we take off unemployment benefit, we save more than £500 million. The Conservatives say that we cannot afford to help the unemployed; the truth is that we cannot afford not to, because otherwise we will pay the bills of long-term unemployment for many years to come, just as we did in the '80s and '90s.

Mr. Redwood: If the Government got everything right, can the Minister explain why there has been no recession in Australia, and why the decline of the economy in Canada and in the United States of America has been so much less than in the UK?

Yvette Cooper: The right hon. Gentleman will know that, in fact, the Americans have been affected by the credit crunch and recession for a long time. They have had very serious problems with unemployment, which is higher than it is here, as it is in the average of the EU and OECD countries.

We need to do more to keep helping those who are losing their jobs and are affected by the recession. Getting people back into work is good for the public finances, but it is also critically important for the future of families and young people across the country who are being affected by unemployment.

Tom Levitt: My right hon. Friend is right that the Conservative parliamentary party has been absolutely consistent in its support for suicidal economic policies, but is she aware that in local government some Conservative councils are taking up offers under the future jobs fund? Why does she think that some are seeing its benefits, but others, such as High Peak borough council, are still insisting on not helping the unemployed locally?

Yvette Cooper: It is deeply disappointing that some local councils are not supporting the future jobs fund. The Conservative leader of the Local Government Association, Margaret Eaton, has said:

"The fund for local job creation will help to generate jobs, get local economies moving and help to prevent another 'lost generation' of young unemployed...Councils have thousands of small scale projects on the stocks and ready to go that will create tens of thousands of jobs in both private and public sectors and help to kickstart the local economy".

In fact, there is considerable support across the country for the future jobs fund and for the 150,000 jobs that it is creating—jobs that pay at least the minimum wage and include training and support. That is why it is so destructive of the Conservatives to want to pull the plug on such an important programme to help young people over the next two years. That would mean 3,000 jobs already planned for London, all cut; more than 2,000 jobs already planned for Wales, all cut; more than 700 jobs already planned for Leeds, all cut; more than 1,200 jobs already planned for Leicestershire, all cut; and more than 1,000 jobs already planned for Kent, all cut. What a shame that the Conservative leadership want to pull the plug on a programme that will provide support and job opportunities across the country.

Mrs. May *rose—*

Yvette Cooper: I will give way to the right hon. Lady in the hope that she will now support the future jobs fund and reverse her party's policy.

Mrs. May: The Secretary of State is making much of what an important move the future jobs fund is and how effective it is going to be. Will she therefore explain why the Government propose to cut it next year?

Yvette Cooper: I am afraid that the right hon. Lady is simply wrong. In fact, we will increase support for the future jobs fund next year. It is right that we should provide that support at a time when the economy is facing considerable difficulties as a result of the worldwide recession. This is her chance to support that help and those opportunities for young people instead of trying to pull the plug on them and deny more than 150,000 people the real opportunities that the future jobs fund will provide.

We are increasing the local employment partnerships, which are getting 40,000 people a month into jobs. We are increasing training places and college places, with more than 50,000 more college places for 16 and 17-year-olds for this year—again opposed by the Conservatives. They are opposing training and job opportunities just at a time when they are needed most.

Rob Marris: May I suggest that my right hon. Friend give up her exhortations to the Conservative Front Benchers? They think that big government is the problem and what got us into the world recession. They want to use the state of public finances to cut government, and the clear implication of the remarks made by the right hon. Member for Maidenhead (Mrs. May) was that she and many of her colleagues think that the public sector is unproductive. That is complete nonsense. Where do they think literate workers come from? Most of them are educated in the state sector, although perhaps not in the Conservative party. Where does she think healthy workers come from—

Mr. Speaker: Order. The hon. Gentleman has made his point with his customary force and alacrity.

Yvette Cooper: My hon. Friend is right: many of the Conservatives' policies are, sadly, driven by ideology and by an ideological approach that big government is bad and Government action should be withdrawn, even at a time when markets have failed, showing the importance of Government action to support businesses across the country.

As a result of the action that we have taken, unemployment is not currently as high as people forecast at the time of the Budget. Then, the NAO-checked figure was a forecast of 2.09 million unemployed by the end of 2009. The September figure stands at 1.63 million. Half of all unemployed claimants are leaving benefit within six months, and nine out of 10 within 12 months. The most recent figures even showed a fall in some areas. However, we expect the situation to be difficult for some time, and we expect unemployment still to increase as a result of the recession. That is why it is so important to keep increasing the support, not cutting it, and to keep expanding the opportunities for young people and all those facing unemployment across the country. It is why it is important also to keep up our welfare reforms by working with the private sector, introducing the new assessment for those on sickness benefits and giving lone parents more help to look for or prepare for work.

I say to the right hon. Member for Maidenhead that her crocodile tears for those on sickness benefits simply will not wash. The number of people on incapacity benefit trebled under the Conservatives between 1979 and 1997. It has been coming down for the past few years as a result of the additional support and welfare reforms that this Government have introduced. That is why the right way to help people is to provide them with support and opportunities to get into work, not to do the kinds of things that the Conservatives want to do, such as cut the future jobs fund or the new deal for lone parents, which has helped 625,000 lone parents into jobs so that they can support their families for the first time. That programme is still working and still increasing the proportion of lone parents in work, even in the middle of a recession.

The Conservatives also want to cut the access to work programme, which is expected to help 35,000 disabled people this year, and which the Royal National Institute for Deaf People believes is

"the most successful current intervention in allowing disabled people to gain and retain paid work".

They want to abolish the flexible new deal, when it has just got going on the advice of Lord Freud, who said last year:

"The New Deals have been enormously successful".

What they are offering instead is simply a new report, which is just a con and a rehash, and which, importantly, has less money behind it than our investment to support the unemployed. They say that they will spend £600 million extra, but they cannot even make those sums stack up. While they want to offer £600 million that they cannot find, we are spending £5 billion extra—£5 billion that, time and again, Conservative Members and their Front Benchers have refused to support.

I say to the Opposition that using private sector providers still does not change the basic economics: if we cut the funding for programmes, we will not help people into work. If we cut support for the economy in the middle of a recession, there will not be jobs for people to go to. Welfare to work does not work if there are not jobs for people to find. All the private providers in the world will not bring down unemployment if the economy does not recover.

That is what it comes down to in the end—are we prepared to work right across the world, with other countries, Governments and central banks, to support the economy and build for recovery? Are we prepared to back jobs and support the economy, or are we so paralysed by an obsession with big government and an ideological approach that, in the end, government must always be cut back, and we cut support for jobs and the economy when it is needed most? That would be economic suicide and would be devastating for Britain. That is why we will not return to it, and that is why we oppose the motion tonight.

Question put (Standing Order No. 31(2)). That the original words stand part of the Question.

The House divided: Ayes 198, Noes 276.

Division No. 225] **[9.59 pm**

AYES

Afriyie, Adam	Barker, Gregory
Ainsworth, Mr. Peter	Barrett, John
Amess, Mr. David	Beith, rh Sir Alan
Ancram, rh Mr. Michael	Bellingham, Mr. Henry
Arbuthnot, rh Mr. James	Benyon, Mr. Richard
Atkinson, Mr. Peter	Beresford, Sir Paul
Bacon, Mr. Richard	Binley, Mr. Brian
Baldry, Tony	Blunt, Mr. Crispin

Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Chope, Mr. Christopher
Clappison, Mr. James
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, David T.C. *(Monmouth)*
Davies, Philip
Djanogly, Mr. Jonathan
Dorrell, rh Mr. Stephen
Duncan, Alan
Ellwood, Mr. Tobias
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Field, Mr. Mark
Foster, Mr. Don
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Handa, Mr. Greg
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Howell, John
Hunt, Mr. Jeremy
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Kawczynski, Daniel
Kennedy, rh Mr. Charles
Kay, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Mackinlay, rh David
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Milton, Anne
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Prisk, Mr. Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Rogerson, Dan
Rosindell, Andrew
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Smith, Chloe
Smith, Sir Robert
Soames, Mr. Nicholas
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Syms, Mr. Robert
Tapsell, Sir Peter
Thurso, John
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Mr. John Baron and Mr. Philip Dunne

NOES

Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Anderson, Mr. David
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Ballls, rh Ed
Banks, Gordon
Barron, rh Mr. Kevin
Battle, rh John
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byrne, rh Mr. Liam
Cabom, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Sen
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Dean, Mrs. Janet
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Engel, Natascha
Etherington, Bill
Farrelly, Paul
Fisher, Mark
Flello, Mr. Robert
Flint, rh Caroline
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gilroy, Linda
Godsiff, Mr. Roger

Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hanson, rh Mr. David
Harman, rh Ms Harriet
Havard, Mr. Dai
Healey, rh John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodge, rh Margaret
Hoey, Kate
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, rh Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Llwyd, Mr. Elfyn
Love, Mr. Andrew
Lucas, Ian
MacNeil, Mr. Angus
MacShane, rh Mr. Denis
Mactaggart, Fiona
Malik, Mr. Shahid
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Mason, John
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McIsaac, Shona
McKechin, Ann
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miliband, rh David
Miller, Andrew
Mitchell, Mr. Austin
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Naysmith, Dr. Doug
Norris, Dan
O'Brien, rh Mr. Mike
O'Hara, Mr. Edward
Oiner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Pelling, Mr. Andrew
Plaskitt, Mr. James
Prentice, Bridget
Price, Adam
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Lindsay
Ruddock, Joan
Russell, Christine
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simpson, Alan
Skinner, Mr. Dennis
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, rh Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Dr. Richard
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vaz, rh Keith
Walley, Joan
Waltho, Lynda
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Williams, Hywel
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Wishart, Pete
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
David Wright and
Mrs. Sharon Hodgson

Question accordingly negatived.

Question put forthwith (Standing Order No. 31(2)).
That the proposed words be there added.

The House divided: Ayes 263, Noes 205.

Division No. 226] **[10.17 pm**

AYES

Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Anderson, Mr. David
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Balls, rh Ed
Banks, Gordon
Barron, rh Mr. Kevin
Battle, rh John
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, rh Mr. Ben
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Dean, Mrs. Janet
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Engel, Natascha
Farrelly, Paul

Fisher, Mark
Flello, Mr. Robert
Flint, rh Caroline
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gilroy, Linda
Godsiff, Mr. Roger
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hanson, rh Mr. David
Harman, rh Ms Harriet
Havard, Mr. Dai
Healey, rh John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodge, rh Margaret
Hoey, Kate
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Humble, Mrs. Joan
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Mr. Martyn
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, rh Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
MacShane, rh Mr. Denis
Mactaggart, Fiona
Malik, Mr. Shahid
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McIsaac, Shona
McKechin, Ann
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miliband, rh David
Miller, Andrew
Mitchell, Mr. Austin
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Naysmith, Dr. Doug
Norris, Dan
O'Brien, rh Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Pelling, Mr. Andrew
Plaskitt, Mr. James
Prentice, Bridget
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Lindsay
Ruddock, Joan
Russell, Christine
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simpson, Alan
Skinner, Mr. Dennis
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, rh Angela E. *(Basildon)*
Smith, Geraldine
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Dr. Richard
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vaz, rh Keith
Walley, Joan
Waltho, Lynda
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
David Wright and Mrs. Sharon Hodgson

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baldry, Tony
Barker, Gregory
Barrett, John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Chope, Mr. Christopher
Clappison, Mr. James
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davies, Philip
Djanogly, Mr. Jonathan
Dorrell, rh Mr. Stephen
Duncan, Alan
Ellwood, Mr. Tobias
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Field, Mr. Mark
Foster, Mr. Don
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark

Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Howell, John
Hunt, Mr. Jeremy
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Kawczynski, Daniel
Kennedy, rh Mr. Charles
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
MacNeil, Mr. Angus
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mason, John
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Milton, Anne
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Price, Adam
Prisk, Mr. Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Rogerson, Dan
Rosindell, Andrew
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Smith, Chloe
Smith, Sir Robert
Soames, Mr. Nicholas
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Syms, Mr. Robert
Tapsell, Sir Peter
Thurso, John
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Noes:
Mr. John Baron and Mr. Philip Dunne

Question accordingly agreed to.

The Speaker declared the main Question to be agreed (Standing Order No. 31(2)).

Resolved,

That this House welcomes the Government's decision to support families and businesses during the current global downturn; believes it is vital the Government takes an active role to support recovery and build future economic strength; notes the authoritative view of business leaders and leading economists against premature withdrawal of the support for the economy; commends the Government's leadership in co-ordinating the international action, through the G20, to support jobs and growth; further welcomes the Government's decision to invest an extra £5 billion to help people back into work and provide the Young Person's Guarantee, increased numbers of Jobcentre Plus staff, 150,000 Future Jobs Fund jobs and an offer to all jobseekers at six months; calls on business and the voluntary sector to support the campaign Backing Young Britain; further welcomes the introduction of the Employment and Support Allowance, the accompanying Work Capability Assessment, the expansion of Access to Work, and the Flexible New Deal delivering tailored support with providers paid by results; further believes that it is the right judgement by Government to encourage investment by small and medium-sized enterprises through the Enterprise Finance Guarantee and other support; further welcomes the successful car scrappage scheme; further welcomes the help for over 150,000 businesses through giving more time to pay tax bills; and commends the Government's new industrial activism, which, combined with the real help now being offered, will help secure the country's future prosperity.

Business without Debate

ACCESS TO PARLIAMENT (UNITED KINGDOM MEMBERS OF THE EUROPEAN PARLIAMENT)

Motion made,

That the Resolutions of the House of 30 January 1989 relating to House of Commons Services and 6 December 1991 relating to Access (Former members and United Kingdom Members of the European Parliament) shall cease to have effect insofar as they relate to United Kingdom members of the European Parliament.—*(Mr. Blizzard.)*

Hon. Members: Object.

REGIONAL SELECT COMMITTEE (WEST MIDLANDS)

Motion made,

That Dr Richard Taylor be a member of the West Midlands Regional Select Committee.—*(Mr. Blizzard.)*

Hon. Members: Object.

REGIONAL SELECT COMMITTEE (YORKSHIRE AND THE HUMBER)

Motion made,

That Mary Creagh be discharged from the Yorkshire and the Humber Regional Select Committee and Mr Austin Mitchell be added.—*(Mr. Blizzard.)*

Hon. Members: Object.

REGIONAL SELECT COMMITTEE (SOUTH WEST)

Motion made,

That Linda Gilroy be discharged from the South West Regional Select Committee and Roger Berry be added.—*(Mr. Blizzard.)*

Hon. Members: Object.

ADJOURNMENT

Resolved, That this House do now adjourn.—*(Mr. Blizzard.)*

10.29 pm

House adjourned.

House of Commons

Tuesday 20 October 2009

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

BUSINESS BEFORE QUESTIONS

LEEDS CITY COUNCIL BILL

Motion made, That the Bill be now considered.

Hon. Members: Object.

Bill to be considered on Tuesday 27 October.

READING BOROUGH COUNCIL BILL

Motion made, That the Bill be now considered.

Hon. Members: Object.

Bill to be considered on Tuesday 27 October.

CITY OF WESTMINSTER BILL [*LORDS*]

Motion made,

That so much of the Lords Message [12 October] as relates to the City of Westminster Bill [*Lords*] be now considered.—(*The Chairman of Ways and Means.*)

Hon. Members: Object.

To be considered on Thursday 22 October.

Oral Answers to Questions

FOREIGN AND COMMONWEALTH OFFICE

The Secretary of State was asked—

Iran's Nuclear Programme

1. **Jane Kennedy** (Liverpool, Wavertree) (Lab): What his latest assessment is of developments in Iran's nuclear programme; and if he will make a statement. [293902]

The Secretary of State for Foreign and Commonwealth Affairs (David Miliband): Iran's nuclear programme is the leading threat to the non-proliferation regime. The latest International Atomic Energy Agency report says that Iran has still not suspended its enrichment or heavy-water-related activities and has failed to engage with the IAEA on the possible military dimensions. The revelations about a secret site near Qom show Iran's disregard for its obligations to the IAEA and the United Nations Security Council, and increase our concerns about its intentions. The Geneva meeting on 1 October with the E3 plus 3 was a start to the essential process of engagement; there now needs to be intensive and serious follow-up.

Jane Kennedy: Does my right hon. Friend share the frustration of many ordinary people in Iran—they have shared this with me by e-mail—with the regime's complete refusal to engage with the international community on this issue? The regime is led by someone who not only denies the holocaust, but denies his own people a democratic outcome. Will my right hon. Friend consider what unilateral steps the United Kingdom could take to increase the pressure on Iran to engage more positively?

David Miliband: My right hon. Friend makes an important point about the Iranian people, some 50 or 60 per cent. of whom are under the age of 30. They represent a country of great civilisation and education, and they have internet access, to pick up on her point. The requirements on the regime can best be understood by realising that there will never be a better time for Iran to engage with the international community in the search for what Iran proclaims to be its only aim: civilian nuclear power.

The United Kingdom is proud to be at the heart of the international drive to establish normal relations between Iran and the international community over the nuclear file. However, I am sure my right hon. Friend will have seen the important announcement by the Treasury in respect of a financial sanction for one of the banks that has been closely involved in proliferation-related activities. That represents the sort of step that she is suggesting.

Mr. David Amess (Southend, West) (Con): With Austria's leading energy company investing heavily in Iranian offshore and onshore oil, and with Germany being a big exporter to Iran, will the Secretary of State tell the House what pressure he is applying to our European partners to comply with sanctions in order to try to change the regime peacefully?

David Miliband: I do not have to tell the hon. Gentleman just about the pressure on other European countries; I can point him to the fact that the European Union—all 27 countries of it—has tougher sanctions than are required by the United Nations, which indicates how seriously Europe takes the issue.

Meg Munn (Sheffield, Heeley) (Lab/Co-op): May I welcome the leading role that Britain is taking in Europe on this issue? What discussions has the Foreign Secretary had with other partners in Europe about their taking further steps and bringing further economic sanctions to bear?

David Miliband: At this moment, we are engaged in a critical phase of engagement with Iran. The President of the United States has said that he wants to reassess the situation at the end of the year, and he will do so with the international community. My hon. Friend is right to say that the dual track must be a dual track, in that engagement takes place, but increased pressure can be brought to bear, as appropriate. At the E3 plus 3 meeting that I chaired in New York in September, there was agreement that we must pursue the dual track with equal emphasis on both elements.

Sir Malcolm Rifkind (Kensington and Chelsea) (Con): Does the Foreign Secretary agree that the missing link in international efforts to achieve a diplomatic solution has, unfortunately, been the continuing reluctance of Arab states to be prepared to put public pressure on Iran, despite their oft-repeated—in private—serious reservations about Iran's nuclear ambitions? Does he agree that if the Arab states were to put public pressure on Iran, that would make it much more likely that Russia and China would co-operate in the Security Council, and much less likely that the United States or Israel would be tempted towards military intervention?

David Miliband: The right hon. and learned Gentleman makes an important point. It is fair to say that the thinking that he outlines explains the emphasis that we have put on the relationship between the E3 plus 3 and the Gulf Co-operation Council and other Arab states. A very important meeting took place in New York between the E3 plus 3 and the Arab states, led by the GCC. The sort of international unanimity that he refers to is very important. People often talk, rightly, about the fears in Israel of the Iranian nuclear programme, but he will know, as will the whole House, that those fears are matched throughout the Arab world, which recognises the dangers of a nuclear arms race in the middle east of all places.

Jeremy Corbyn (Islington, North) (Lab): Will the Foreign Secretary acknowledge that Iran is still a signatory to the nuclear non-proliferation treaty and that that should be welcomed as a sign of at least an ability to negotiate? Will he also recognise that now is the time to push for a nuclear-free middle east, which will of course require the disarmament of all nuclear states in the region, including Israel, as a way of bringing about long-term peace and security?

David Miliband: My hon. Friend will know that we have voted consistently for the aspiration of a nuclear-free middle east as part of a drive for nuclear disarmament around the world. However, I think that it is important to bear in mind that although it is right to acknowledge that Iran is a signatory to the NPT—and that is welcome—signing is only the first step. Obeying the treaty's injunctions and following its requirements should go with that signature. I hope that my hon. Friend will join me in sending a united message from this House that Iran has the hand of engagement outstretched towards it and that it will be treated as a normal country, not least in respect of civilian nuclear power, but that it must behave as a normal country would in its relations with the IAEA and the rest of the international community.

Mr. David Lidington (Aylesbury) (Con): Like the Foreign Secretary, we hope that the talks in Vienna today under the aegis of the IAEA are successful. Does he agree that we ought to be concerned at the indications from the Iranian state broadcast and others in recent days that the offer to send material abroad for enrichment might not actually be delivered? Does he agree that it is important that the Group of Six make it very clear to Iran during these talks that any agreement has to involve Iran's existing stockpiles being taken abroad in return for nuclear fuel rods being supplied for scientific research, as well as immediate access for international inspectors to the facility at Qom?

David Miliband: There is quite a lot of detail in this. The Tehran research reactor proposal is an important proposal, which would involve the export for development of the low-enriched uranium that Iran has established. It is a very important proposal. The best thing for me to say is that it is good that Iran has said that in principle it is interested in that proposal, but it needs to turn that in-principle interest into an agreement that gets that low-enriched uranium out of the country to be properly fabricated and developed. If that happens, we can be absolutely clear—as Iran will be showing us not just by word but by deed—that it is interested only in peaceful civilian purposes for its nuclear programme. This is an important issue and I look forward to continuing to discuss it with the House.

Tibet

2. **Mr. James Gray** (North Wiltshire) (Con): What the Government's policy is on the status of Tibet; and if he will make a statement. [293903]

The Minister of State, Foreign and Commonwealth Office (Mr. Ivan Lewis): We regard Tibet as part of China, albeit as an autonomous region. Our interest is in long-term stability, which can be achieved through respect for human rights and greater autonomy for Tibetans. We believe that substantive dialogue between the Chinese authorities and representatives of the Dalai Lama is the best way to achieve this.

Mr. Gray: May I first call the House's attention to my entry in the Register of Members' Interests, where I record a recent visit to Tibet? During that visit I became increasingly convinced that the Government's change in stance on the status of Tibet was quite correct. Tibet needs to be an integral part of the greater People's Republic of China, albeit an entirely autonomous region. Does not the Minister agree with me about two things? First, that the change of stance should have been announced to the House in an oral statement rather than sneaked out in a written statement, which meant that no one could ask any questions about it. Secondly, I do not believe that much use was made of the leverage that could have been achieved by the UK Government's change in stance to press the Chinese Government on human rights issues, both in Tibet and across the greater People's Republic. Does he—

Mr. Speaker: Order.

Mr. Lewis: In terms of leverage, the fact that I was the first Minister to be invited by the Chinese Government to visit Tibet recently and that the all-party group, of which the hon. Gentleman is a member, was also allowed and encouraged to visit Tibet demonstrates that that shift in policy has enabled us to exercise significant influence over the Chinese Government. Let us be clear about the issues. It is extremely important—we have made this clear to China—that although we recognise the economic and social progress that is evident in Tibet, there are still major concerns about human rights. The Chinese Government should begin immediate negotiations with the representatives of the Dalai Lama and encourage visits from other politicians, and from journalists and opinion formers around the world, to demonstrate a greater level of openness. There must

also be no equivocation on religious freedom, which is enshrined in the constitution of China in relation to Tibet.

Mr. Lindsay Hoyle (Chorley) (Lab): I welcome my hon. Friend's visit to Tibet to get an understanding of and a feel for what is happening there. Does he recognise that we will not solve the problem merely by having MPs and Ministers visiting the country? What needs to be dealt with is the intolerance shown towards the Tibetan people and the lack of freedom. What pressure can he put on the Chinese Government, as well as speaking to the Dalai Lama?

Mr. Lewis: My hon. Friend raises an extremely important point. Subsequent to my visit, my right hon. Friend the Foreign Secretary and I raised the issue of human rights violations with Dai Bigguo, the state councillor from China, and I have also had a lengthy meeting with the very able ambassador to China. Various issues need to be addressed: we must make sure that ethnic Tibetans benefit from the economic growth undoubtedly now taking place in Tibet, and that their language and culture are protected. In addition, we must ensure that ethnic Tibetans have access to fair justice and that there is genuine religious freedom, particularly in the monasteries.

Richard Younger-Ross (Teignbridge) (LD): In 1904, Colonel Younghusband took British troops into Tibet. In 1947, those troops left and we recognised the Tibetan people's right to self-determination. Why do this Government not allow them that self-determination? Why are we not putting more pressure on the Chinese Government to recognise that right? At present, we are exerting less pressure in that regard than we did in 1947.

Mr. Lewis: When the hon. Gentleman asks why Britain does not allow the Tibetans freedom, he is clearly living in the past. The other important point is that the Dalai Lama himself does not demand independence for Tibet: what he demands is genuine autonomy and religious freedom, which has long been the policy of the rest of the international community. There is no doubt that, as a consequence of the policy change that we made last year, we now have greater leverage to influence China's policies in relation to Tibet.

NATO

3. **Andrew Rosindell** (Romford) (Con): How much his Department has spent on (a) hosting and (b) supporting the involvement of young British people in NATO activities in the last 12 months. [293904]

The Minister of State, Foreign and Commonwealth Office (Mr. Ivan Lewis): In the last 12 months we have spent £22,000 in support of the Atlantic Council UK. This covers activities from 2008 to 2010. The council undertakes activities to raise NATO's profile and, as the hon. Gentleman will be aware, recently set up a youth chapter. From November, it will begin a schools programme to further raise awareness of NATO's activities.

Andrew Rosindell: Does the Minister agree that it is worth investing money in educating young people about NATO's historical role during the cold war, when it ensured that the free world remained free? It is a great organisation that has done so much for our freedom and liberty. Will he raise this matter with his counterparts in other countries to ensure that they are also investing in young people's education about NATO? Will he meet a British delegation from NATO's youth chapter—

Mr. Speaker: Order. I have said this many times, but I shall say it once more: Members should ask one question, not two—and certainly not three.

Mr. Lewis: Thank you very much, Mr. Speaker. First, I agree with the hon. Gentleman about NATO's central role in our national security, and in the relationship between the EU and the US. Of course we expect all NATO members to make their fair contribution when it comes to engaging young people and raising awareness among them. Finally, of course I would be willing to meet a youth delegation.

Mr. David Crausby (Bolton, North-East) (Lab): Does my hon. Friend agree that educating young people about NATO's future role is absolutely vital? What can he do to ensure that the future generation completely understands the threat that faces us, and what NATO can effectively do to defend us?

Mr. Lewis: I agree with my hon. Friend. It is very important that we do not fall for the myth that will be familiar to all hon. Members from their constituency responsibilities—that young people are somehow not interested in politics or international affairs. All hon. Members who visit local schools and colleges know that young people are incredibly interested in the issues that affect the world. The problem is that we have to demonstrate to them the relevance to their everyday lives of what goes on in this House and in conventional politics. Central to that is our future security and the role of NATO.

Freedom of Expression

4. **Dr. Evan Harris** (Oxford, West and Abingdon) (LD): What steps he is taking to promote the protection of free expression in countries without a free press. [293905]

The Minister for Europe (Chris Bryant): We work to safeguard the international framework that protects and promotes the right to freedom of expression and to support positive change on the ground. We raise individual cases where freedom of expression has been threatened, and we challenge countries to change practices that curtail the exercise of these rights.

Dr. Harris: I draw the House's attention to the fact that I am a patron of Article 19, which campaigns for the rights of journalists abroad. Will the Minister join me in welcoming the fact that this week the Government have tabled amendments in the House of Lords to the Coroners and Justice Bill to get rid of the laws of sedition and criminal defamation in this country? Will he urge his colleagues to promote the fact that we have done this as a way of delivering similar freedoms to journalists in other countries?

Chris Bryant: It goes against the grain to congratulate a Liberal Democrat. None the less, I am more than happy to do so because I know the hon. Gentleman has played a very important role, along with Article 19, with which we try to work closely, to get rid of the obsolete offences of sedition and criminal libel, not least because other countries have sometimes pointed to those offences in the UK and said that that is a reason why they should be able to continue with laws that deliberately hinder the freedom of expression and the freedom of opinion, which we believe is an essential human right.

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): Will my hon. Friend make representations to the Government of Morocco about free expression in that country? I was contacted at the weekend by a constituent whose brother is one of seven human rights activists who were detained last week by the Moroccan authorities. I understand that they have been threatened with life imprisonment or even the death penalty. Will my hon. Friend make efforts to intervene in this case and ensure that freedom of expression exists in that country as well?

Chris Bryant: I am more than happy to look into the individual case if my hon. Friend is able to pass on the information to me regarding the situation in Morocco. The right to express oneself, a free press and free media are essential. Around the world, one of the most important things that we have contributed to that is the BBC World Service.

Palestine

5. **Andrew Gwynne** (Denton and Reddish) (Lab): What discussions he has had with his Egyptian counterparts on progress towards a Palestinian reconciliation agreement. [293906]

The Secretary of State for Foreign and Commonwealth Affairs (David Miliband): I spoke to the Egyptian Foreign Minister, Ahmed Aboul Gheit, last Friday. As I understand it, despite Fatah agreeing to Egypt's proposals, Hamas has not. The Foreign Minister told me that the original deadline and further repeated deadlines for reaching agreement among the Palestinian factions will not be met. I told the Foreign Minister that we continued to favour any reconciliation which supported peace negotiations and enhanced efforts to improve governance, security and the economy in the Palestinian territories.

Andrew Gwynne: I understand that difficult negotiations are continuing to try to bring about Palestinian unity, which will be crucial. Will my right hon. Friend give his assurance that that unity will be based on the renunciation of violence as the first step to the creation of a viable Palestinian state, as part of a two-state solution with Israel?

David Miliband: My hon. Friend takes a detailed interest in these issues and I know that his commitment to a two-state solution is profound. He is right that negotiations need to take place on the basis of the renunciation of violence. There is no path to a Palestinian state through violence, and it is precisely the sort of accord and determination to renounce violence that is recognised by the majority of the Palestinian people and needs to be recognised by all their leaders.

Mr. Malcolm Moss (North-East Cambridgeshire) (Con): Unlike the Egyptians, who turned up to vote in the UN Human Rights Council meeting last week on the Goldstone report on the recent conflict in Gaza, is it not deeply disappointing to find that our own representatives stayed away? This seems to have put us in the same voting camp as Angola, Kyrgyzstan and Madagascar, three of the world's worst dictatorships. What message was the Foreign Office trying to send to the community by staying away from that important vote last week?

David Miliband: The Government do not stay away from the question at all. As the hon. Gentleman should know, the Prime Minister was working closely with President Sarkozy of France, which I do not think even the Conservative party would describe as a dictatorship, on three key issues: first, an independent inquiry into the allegations at the heart of the Goldstone report; secondly, greater humanitarian aid into Gaza; and thirdly, a restart of the peace process. The vote was called in the middle of the discussions between the Prime Minister, President Sarkozy and Prime Minister Netanyahu. I think it is right that the United Kingdom takes every opportunity to drive forward on those three key issues, the aims of which have previously been supported by the Opposition.

Sir Gerald Kaufman (Manchester, Gorton) (Lab): Now that the United Nations Human Rights Commission has decided that Israel and Hamas have committed war crimes and possibly crimes against humanity, and with Israel continuing to flout President Obama's injunction to stop building in settlements, what action are we going to take to stop these blatant violations of international law?

David Miliband: It is absolutely right that we stick to the position that we have held since the publication of the Goldstone report—that, on the one hand, it did not do enough to recognise Israel's right to self-defence but, on the other, it did raise serious issues that democratic Governments should address through the sort of full and independent inquiry that is important. Democratic Governments are held to higher standards than terrorist organisations, and such Administrations need to live up to them. That is why it is in Israel's interest, never mind the international community's interest, that there be a proper independent inquiry. That is precisely what the Prime Minister was working for last Friday, and we will continue to work for it.

Mr. Mark Francois (Rayleigh) (Con): When the UN Human Rights Council voted to endorse the Goldstone report on the conflict in Gaza, the text of the motion made no reference at all to Hamas, despite the fact that it was heavily criticised in the report itself. Given that the motion was so clearly unbalanced, therefore, does the Secretary of State agree that the Government should have voted against it, as the United States did, rather than not even registering a formal abstention but simply not voting at all? We interrupt meetings here all the time to vote. Why could they not have done that?

David Miliband: For the record, I am afraid that the hon. Gentleman has not understood what actually happened at the launch of the Goldstone report. The resolution setting up the report was, indeed, deeply unbalanced, and it did not refer to Hamas. That is why we welcomed the fact that Judge Goldstone immediately said that his inquiry would be into Hamas's alleged violations of international law, as well as Israel's, and he was right to do so. The hon. Gentleman will know that, frankly, asking Hamas to set up an independent inquiry is whistling in the wind, but it is right none the less that we say to a democratic Government such as Israel, whom we do respect, that their interests are best served by the sort of independent, full and transparent inquiry that has distinguished Israeli public life in the past.

China

6. **Joan Walley** (Stoke-on-Trent, North) (Lab): What recent assessment he has made of the effectiveness of EU co-operation with China. [293907]

The Minister for Europe (Chris Bryant): There is scope for much more productive EU-China co-operation on the whole range of global economic and security issues. We believe that entry into force of the Lisbon treaty, with its new external structures, is the ideal opportunity to put that relationship on a much more productive course.

Joan Walley: Will my hon. Friend tell me how existing co-operation and the European Union's current stance can be used to ensure that we get a fair and effective Copenhagen climate change treaty that involves China?

Chris Bryant: I am grateful for my hon. Friend's comments. She is absolutely right: if we are to get a proper agreement in Copenhagen, we must ensure that the Chinese contribution to that discussion is very much in line with the EU. That is why we very much welcome the further meeting that will take place in Nanjing in a few weeks' time, in November, just before the Copenhagen summit. We support summit plans for a high-profile EU-China partnership on climate change and, indeed, for the near-zero emissions coal initiative. It is absolutely vital that the EU and China work together, and it is much easier for us to achieve that if we co-operate with other countries in Europe, rather than distance ourselves from the mainstream.

Mr. David Heathcoat-Amory (Wells) (Con): Is the Minister aware of China's treatment of refugees from North Korea, and of China's refusal to admit an investigation or access by the UN High Commissioner for Refugees? Does that not rule out any further co-operation so long as China, as a member of the UN Security Council, refuses to abide by human rights obligations that it has signed up to?

Chris Bryant: Of course, there are always human rights issues that we will want to take up with the Chinese authorities, and we do so very regularly. I think that that is one of the issues that we have specifically taken up, but that does not mean that we do not continue to engage with China. Indeed, I would argue that in recent years, we, as the European Union, have not been able to engage as effectively with China as we might, but that does not preclude us from raising in the most robust of terms human rights issues in every regard, whether in relation to Falun Gong, the issue that the right hon. Gentleman just raised or, for that matter, the death penalty.

Afghanistan

7. **Dr. Roberta Blackman-Woods** (City of Durham) (Lab): What recent discussions he has had with the Secretary of State for the Home Department on the co-ordination of policy with other EU member states on developments in Afghanistan affecting UK national security. [293908]

The Secretary of State for Foreign and Commonwealth Affairs (David Miliband): I regularly discuss developments affecting UK national security with my right hon. Friend the Secretary of State for the Home Department, including the outcome of his recent and important visit to Afghanistan and Pakistan. We have pushed consistently with European Union partners for greater and more coherent EU action in both countries, including the adoption of a new strategy to strengthen EU action in Afghanistan and Pakistan and a second EU-Pakistan summit in the first half of 2010.

Dr. Blackman-Woods: I thank my right hon. Friend for that response. Will he confirm that he will be working closely with his European partners over the next few weeks to ensure that the next round of voting in the Afghan presidential elections is both free and fair, so that those wishing to rebuild Afghanistan and make it more secure have the benefit of working with a credible Government there?

David Miliband: My hon. Friend raises a very important point that I will touch on in the introduction to topical questions. There are important developments in Afghanistan today that will affect all of us. The commitment to a second round on behalf of both candidates is important, but equally important are the statesmanlike statements made today, which hold out important prospects for the future credibility of an Afghan Government—that must be at the heart of any hon. Member's concern about the future of that country. The Afghan people need a credible Government and so does the international community as a partner for all our efforts.

Mr. John Baron (Billericay) (Con): Further to the previous question, the Foreign Secretary will be fully aware that soldiers can buy one time and space, but what we need in Afghanistan is a political solution. Given that the electoral complaints commission said that about a third of President Karzai's votes in the presidential elections were fraudulent, will the Foreign Secretary assure the House that any poll run-off will be legitimate and fair and have the confidence of the Afghan people?

David Miliband: The whole House should recognise that the work of the electoral complaints commission has been of the highest order, the highest integrity, and, as we can now see, the highest level of forcefulness. There has been no willingness on its part to be pushed off the central principles to which it has adhered. There

has clearly been attempted fraud on a large scale. The vital thing is that all the arrangements, security as well as administrative, are followed through for the second round, or in preparation for the second round, not least to give proper credit and recognition to those brave Afghans who were determined to vote despite the intimidation and threats that they faced.

Tony Lloyd (Manchester, Central) (Lab): Will my right hon. Friend once again restate the fact that because the conflict in Afghanistan is so inextricably linked with the military activity in Pakistan, it is absolutely vital for Britain's own security that we maintain our commitment to seeing a peace process develop, which means a continuation of our military presence in Afghanistan?

David Miliband: Yes, but to pick up my hon. Friend's point and that of the hon. Member for Billericay (Mr. Baron), ultimately there must be a political settlement in Afghanistan: a political settlement for the people of that country; a political offer to the insurgency to live within the constitution and to come in and share political power or face the military consequences; and a political settlement with Afghanistan's neighbours, because their tendency to try to see Afghanistan, or parts of it, as a client state rather than a neutral state is completely undermining that country's ability to run its own affairs.

Mr. William Hague (Richmond, Yorks) (Con): Perhaps anticipating what the Foreign Secretary intends to say in topical questions, may I, on behalf of the Opposition, join in the welcome for the announcement by President Karzai that he accepts the need for a second round, which in the absence of a national unity Government in Afghanistan must be the best way forward? Building on earlier questions, will the Foreign Secretary expand on what the Government can do and what representations they will make to try to ensure that these elections are run on a far better basis than those on 20 August, with an increase in the number of Afghan and international election observers and a reform of the electoral procedures that were abused last time? Will he assure the House that action can be taken on those matters?

David Miliband: It is important to say that real efforts will be made to live up to the standards that the right hon. Gentleman has tried to sketch out. Frankly, it would be glib and slightly other-worldly for me to stand here and give a blanket yes to his questions, which, although serious, go the heart of very deep security problems that face Afghanistan. However, it is the case that in the first Afghan-led elections significant numbers of people voted despite huge attempts at intimidation. It is also the case that the establishment of the electoral complaints commission held true to the principle that fraudulent votes would not be counted, with consequences that were probably not expected by many people in terms of the overall result. The final score, if it comes in at about 48 per cent. to 31 per cent., represents a degree of competition in the electoral process that is significant and speaks to the work that will be critical in the next few weeks, which is the election of a credible Afghan Government who can be a legitimate expression of the will of the Afghan people, with a programme representing a significant majority of opinion. That is the hope for all of us.

Mr. Hague: On another matter regarding Afghanistan, the Prime Minister announced last week 500 additional troops for Afghanistan but set out burden sharing across the coalition as one of the conditions for that. Can the Foreign Secretary enlighten us further about that condition? If the United States is the only substantial extra contributor alongside the United Kingdom, will he consider that condition to have been fulfilled?

David Miliband: The right hon. Gentleman will know that one of the commitments that President Obama has made is that not just that the first McChrystal report but that the second should be discussed deeply to ensure that there is full alliance engagement with the request in question. We will engage fully with the process, in respect of not just the American uplift and the discussions about it but the commitments of other countries on, first, the number of troops, secondly, on what those troops do and where they do it and, thirdly, on the civil engagement that President Obama and the Prime Minister have stressed at every stage is a critical part of the effort. We will consider that in the round and then come to our conclusions.

Sri Lanka

8. **Simon Hughes** (North Southwark and Bermondsey) (LD): What recent discussions he has had with Sri Lankan Government Ministers on the situation of Tamil communities in the north and east of that country. [293909]

10. **Mr. David Evennett** (Bexleyheath and Crayford) (Con): What his most recent assessment is of the political situation in Sri Lanka; and if he will make a statement. [293911]

The Secretary of State for Foreign and Commonwealth Affairs (David Miliband): I met Foreign Minister Bogollagama on 25 September and urged him to ensure that the Government of Sri Lanka return all 250,000 internally displaced persons to their homes as quickly as possible. The imminent monsoon makes that more urgent, alongside the need for improved facilities for, and access to, camps. I pressed for progress on the protection of minority communities and on reconciliation, which will be vital if the end of the conflict is to be translated into a meaningful and lasting peace.

I also made clear my concerns about the protection of human rights. The European Commission registered those concerns yesterday in its pre-report on GSP plus—general system of preferences—trade preferences. I assure the House that our position on GSP plus is clear: Sri Lanka must respect its international human rights obligations if it is to continue to benefit from GSP plus.

Simon Hughes: I am grateful for the Foreign Secretary's answer and for the Government's efforts on this subject. Given the importance that he has placed on human rights being upheld by the Government of Sri Lanka, can he assure the House that he will make it clear up to and during the Commonwealth Heads of Government conference that it would be unacceptable for the next conference to be held in Sri Lanka?

David Miliband: We will continue to use all avenues to make clear the importance of human rights in Sri Lanka and every other part of the Commonwealth.

Mr. Evennett: We are all extremely concerned about the situation in Sri Lanka, and obviously a political solution is vital for all the people of that country. However, Sri Lanka is to start its process of political reform and reconciliation only after the 2010 election, so the Government there say. If minority communities are not to be disfranchised, the process must begin before the election. What more can the Government do to encourage that?

David Miliband: I spoke to the Foreign Minister of Sri Lanka on the day the civil war ended and said that this was the best opportunity for Sri Lanka to build an inclusive political settlement. There is no need to wait—the time is now. Outreach to the minority communities now, in advance of the election, will be critical to shaping how they engage with a future Sri Lankan Government.

Barry Gardiner (Brent, North) (Lab): The Foreign Secretary will know that it has been impossible for independent journalists to gain access to the detention camps. Will he press the Sri Lankan Government to ensure that there is free and unfettered access, so that the reports that we are hearing of wilful gang rapes by the Sri Lankan army of women abducted from those camps, and of the taking out of young men, can be brought to an end once and for all?

David Miliband: Yes, access to the camps, not just for journalists but for human rights organisations, is a fundamental part of the building of a peaceful and inclusive Sri Lankan political system.

Mr. Edward Davey (Kingston and Surbiton) (LD): Now that the EU has concluded that Sri Lanka is in breach of its human rights obligations under its trade agreement with the EU, will the Foreign Secretary confirm that the UK will push for and support the suspension of the GSP plus trade benefits that Sri Lanka currently enjoys, and argue for that across the EU?

David Miliband: I must have disappointed the hon. Gentleman terribly when I answered that question in my original answer. I am sorry that he was not able to change his question after that.

I repeat that the European Commission has produced what is called a pre-report on GSP plus, and that our position is absolutely clear: Sri Lanka must respect its international human rights obligations to continue to benefit from GSP plus. The hon. Gentleman will know that when the Commission finally publishes its report, as opposed to its pre-report, there will be a maximum of two months before a final decision is taken. We will play a full part in ensuring respect for that principle.

Mr. Davey: With respect to the Foreign Secretary, he did not actually answer my question in his first remarks, and he failed to do so in that response. Are the UK Government going to push for the GSP plus trade benefits to be suspended in relation to Sri Lanka—yes or no?

David Miliband: I think, "Oh yes he did" is the answer that came both from the Opposition and some of the people sitting next to the hon. Gentleman. I think it is important that he recognises that on this issue, he can safely agree with what the Government are saying. A pre-report has been published. Our position on the human rights aspect is that there are 27 international agreements that countries wishing to benefit from GSP plus need to adhere to, including on critical issues to do with children's rights, torture and so on. They must be adhered to for GSP plus to continue.

Mr. Keith Simpson (Mid-Norfolk) (Con): In the last few weeks of the conflict in Sri Lanka, Members on both sides of the House were horrified at the civilian casualties, which were the result both of action by the Liberation Tigers of Tamil Eelam—use of children and the use of women as cover—and of indiscriminate fire by Sri Lankan Government forces. Have the Government been able to get any answer from the Sri Lankan Government on whether they intend to investigate allegations made against their forces? What pressure is the international community applying regarding war crimes?

David Miliband: I hope the hon. Gentleman saw the statement by Ban Ki-moon, the UN Secretary-General, and President Rajapaksa following their meeting in Colombo—if he did not, I will certainly send it to him. The statement made clear the need for an accountability mechanism. It is certainly our determination in meetings with the UN Secretary-General and in meetings with the Sri Lankan Government to ensure that it is followed up. The hon. Gentleman referred to the international community. There is no better basis for the follow-up of allegations of war crimes than the agreement that the Sri Lankan President had with the UN Secretary-General.

Arab Peace Initiative

9. **Mrs. Anne McGuire** (Stirling) (Lab): What recent discussions his Department has had with the Palestinian Authority on the Arab peace initiative; and if he will make a statement. [293910]

The Minister of State, Foreign and Commonwealth Office (Mr. Ivan Lewis): I visited the Palestinian territories in August, and met Ministers and the President's chief of staff. The Foreign Secretary spoke to the Palestinian Prime Minister, Salam Fayyad, most recently on 12 October. All our discussions include the need for urgent progress towards a comprehensive peace in the middle east, with a two-state solution between the Israelis and the Palestinians underpinned by a broader peace between Israel and the entire Arab world.

Mrs. McGuire: I thank my hon. Friend for that response. He may be aware that on 9 October, in Israel's *Ha'aretz* newspaper, King Abdullah of Jordan said:

> "We have no alternative but to pursue a negotiated settlement that will meet Israel's security needs and ensure it has normal relations in the region, and fulfils the Palestinians' right to freedom and statehood."

Given that the Israeli Government have not yet formulated a response to the Arab peace initiative, what more can Britain do to encourage them to support that initiative,

which I think, frankly, gives an unprecedented opportunity for 57 nations to have normal relations with Israel in the context of a wider settlement?

Mr. Lewis: What can I say, Mr. Speaker? My right hon. Friend is absolutely right. I believe genuinely that this is the last best chance for peace in the middle east for a generation. We should give our full support to the initiative led by President Obama, particularly with the appointment of Senator Mitchell. This is now the time in the middle east for responsible and visionary leadership. As my right hon. Friend the Secretary of State laid out recently, the basis of the agreement is clear: a secure Israel alongside a viable Palestinian state; resolving the issues of final borders, based on '67 including issues of settlements and Jerusalem; justice for Palestinian refugees; and not simply recognition of Israel by the Arab world, but normalisation in relations towards Israel by the Arab world.

Mr. Crispin Blunt (Reigate) (Con): Will the Minister assure the House that the Foreign Office will encourage all Arab Governments of the continuing relevance and importance of the Arab peace initiative, and to back it not only with hard diplomacy, but with soft diplomacy aimed at the Israeli population?

Mr. Lewis: I agree entirely with the hon. Gentleman. It is important not only that we see justice for the Palestinians in terms of the Palestinian state, but that we give assurances to the Israeli people that their security will be protected should a two-state agreement be reached. That is why it is so important that the Arab world sends very clear and strong messages to terrorist organisations such as Hamas and Hezbollah that they are obstacles to peace, and that they are not furthering the cause of a Palestinian state.

Turkey and Armenia

11. **Mr. Bob Laxton** (Derby, North) (Lab): What assessment he has made of the implications for Government policy in the region of the conclusion of protocols on (a) development of relations and (b) establishment of diplomatic relations between Turkey and Armenia. [293912]

The Minister for Europe (Chris Bryant): The Government welcome the signing of protocols between Armenia and Turkey. That is important not only for those countries, but for peace in the wider region.

Mr. Laxton: What further steps can the Government take to encourage both Turkey and Armenia to ratify and implement these protocols, because the benefits will be immense for the region? We need to ensure that momentum in this process is maintained.

Chris Bryant: My hon. Friend is right: we need to ensure that ratification is proceeded with by the Parliaments, and two months after that it will be possible to open the border. That is such a significant change from the position that we were in only a few years ago that all Members will wholeheartedly welcome it. We remain committed to Turkey eventually being able to accede to the European Union, but it is impossible to have any leverage arguing that with German and French colleagues unless one sits down in the European Parliament with them, not with people who still refuse to apologise for the Latvian SS.

Refugee Camps (Chad)

12. **David Taylor** (North-West Leicestershire) (Lab/Co-op): What reports he has received on the security of female refugees from Darfur living in refugee camps in eastern Chad; and if he will make a statement. [293913]

The Minister of State, Foreign and Commonwealth Office (Mr. Ivan Lewis): We are understandably concerned by reports from the United Nations and non-governmental organisations highlighting the dangers that Darfuri women face in and around refugee camps in eastern Chad.

David Taylor: Amnesty's report "No Place for Us Here" documents the worsening plight of the refugees who have fled since 2003 to eastern Chad where rape and other attacks are being committed against many women and girls with egregious impunity inside and outside the camps. Will my hon. Friend urgently raise this fundamental failure to protect innocent victims of the Darfur crisis with the Chadian ambassador and at United Nations level, because this shocking criminal violence must be stopped and the perpetrators indicted?

Mr. Lewis: My right hon. Friend the Foreign Secretary has not only agreed to be my assistant on this occasion, but has agreed to accede to my hon. Friend's request to write to the UN about this incredibly important issue and raise the concerns of the British Government.

Anne Milton (Guildford) (Con): How do the Government intend to integrate UN resolution 1888 on women, peace and security into the existing framework of the national action plan on resolution 1325?

Mr. Lewis: That is entirely consistent with the policies that the Government have promoted on this issue over a very long time, so the UK will be providing leadership on this.

Topical Questions

T1. [293926] **Mr. Ian McCartney** (Makerfield) (Lab): If he will make a statement on his departmental responsibilities.

The Secretary of State for Foreign and Commonwealth Affairs (David Miliband): This afternoon, President Karzai has announced that in the light of the findings of the electoral complaints commission, he will embrace a second round run-off of the presidential elections in Afghanistan. We welcome that. Both he and Dr. Abdullah have been statesmanlike in accepting the prolonged electoral process and have secured support from across the country. Both have a major responsibility to ensure that the next stages are a credit to Afghanistan. The independent election commission is expected to make an announcement this afternoon on the details of the first round result, once it has collated the orders of the electoral complaints commission to exclude flawed ballots and include some quarantined ballots. The Afghan

people and candidates have shown patience and resilience throughout this process and the UK will continue to support them as they bring it to a conclusion.

I also wish to place on record the thanks of the whole House not just to the UN Secretary-General's special representative, Kai Eide, for the unstinting work that he has done on this election, but to Senator John Kerry for his work over the past few days. I spoke to him on Saturday and Sunday, and he has made a signal contribution to the resolution of the process.

Mr. McCartney: I agree with everything that my right hon. Friend has said. I wish him and our colleagues well in reaching a successful conclusion with a run-off.

Does my right hon. Friend have any comment to make about the complaint by the chief rabbi of Poland about the recent election of Michal Kaminski to the leadership of the Conservative group, given his neo-Nazi links? Does my right hon. Friend think that that was an appropriate election, supported as it was by the leaders of the Opposition in this country?

Mr. Speaker: Order. I remind right hon. and hon. Members that in topical questions both the question and the answer must be brief. I do not want to cut people off, but I will if it is necessary to make progress.

David Miliband: The future of this country depends on wholehearted engagement in the European Union, making Britain's case and ensuring that we are part of a mainstream majority. This Government are proud to be alongside 27 Governments and 26 opposition parties in saying that now is the time to put the Lisbon treaty into practice and to ensure that it benefits all the citizens of Europe. It is a great pity that the Conservative party is stuck in the past.

Mr. William Hague (Richmond, Yorks) (Con): On that, it is a great pity that the Labour party broke an election promise that it made to the people of this country at the last election. However, I am sure that the Foreign Secretary will join me in welcoming today's visit to Sarajevo by Carl Bildt and the US deputy Secretary of State. Does the right hon. Gentleman agree that, given the situation in Bosnia and what has happened in that country over the past 15 to 20 years, it would be premature to close the Office of the High Representative or to withdraw the EUFOR presence, and that the time might be coming when the carrot of EU accession for Bosnia and Herzegovina has to be accompanied by the stick of sanctions on those who would undermine its political progress?

David Miliband: The House should know that the real pity is that three times the right hon. Gentleman has refused to debate Europe with me on the BBC and Channel 4, because he knows that his arguments are completely threadbare. We stand ready to take questions about Europe—of which there are none—and to hold debates about Europe, which he refuses to have.

In respect of Bosnia, I spoke to Minister Bildt on Sunday about this important issue, and I agree that today's meeting is important. The European orientation of Bosnia and Herzegovina is a very important part of the package being worked on. However, I hope that the right hon. Gentleman will also agree—I think that this is his position—that we must ensure proper conditionality in any switch from the OHR to the EU special representative.

Mr. Speaker: Order. I am grateful to the Secretary of State, but I must say to Ministers that the abridged version, rather than the "War and Peace" version, will suffice. I call Judy Mallaber.

T2. [293927] **Judy Mallaber** (Amber Valley) (Lab): Last week, I visited Bangladesh, which will be critically affected by climate change. Does my right hon. Friend agree that, if we weaken our political affiliations in Europe and with other countries by fringe activities such as joining fringe groups, we will be in a weaker position when trying to deal with issues such as getting agreements on climate change and other issues critical to UK interests?

The Minister for Europe (Chris Bryant): My hon. Friend—*[Interruption.]* It is nice to be welcomed.

Mr. Speaker: Order. I ask the Minister to hold his horses for a moment. Mr. Simpson, you are very senior and experienced Member of this House. Chuntering away and bellowing from a sedentary position is not in order. You can behave so much better when you try.

Chris Bryant: My hon. Friend is absolutely right. We need to be able to deliver on some key issues for Britain, one of which is an agreement in Copenhagen later this year. It is impossible for us to do that without a stronger EU and our playing a stronger role within the EU. There are no fringe benefits to being on the fringe.

T5. [293930] **Simon Hughes** (North Southwark and Bermondsey) (LD): From the Liberal Democrat Benches, may I encourage Ministers to be as positive as that answer about the post-Lisbon future? I ask that, in the interests of a Copenhagen deal that works and an economic future for Europe that delivers jobs, we work positively with all the other 26 countries and do not work on the margins, which will put us on the margins for the decades ahead.

David Miliband: I fear that I might have done a disservice to the Liberal Democrats and their allies around Europe. All 27 Governments around Europe, 26 opposition parties and all the Liberal parties in Europe are saying that now is time to put the constitutional arguments, and now the reform treaty arguments, behind us and to work for a stronger Europe. It is a great pity that only one party—this Conservative party—in the whole of Europe wants to fight the battles of the past. From now until election day, it will have to answer whether it is ready to live with the Lisbon treaty or determined to fight it on its own.

T3. [293928] **Mr. David Anderson** (Blaydon) (Lab): It is now four years since the Iraqi Government took control of the assets of the Iraqi trade union movement. In the past week, they have seized even more control of the levers of power in the unions. Will the Secretary of State meet me and Iraqi trade unions to see whether we can find a way forward to give these people real support in a situation that should not be happening?

The Minister of State, Foreign and Commonwealth Office (Mr. Ivan Lewis): We believe in not only the rights of trade unions in this country, but in the rights of trade unions in Iraq. At the heart of the Iraqi constitution is the right to organise in a free trade union, and I would certainly enter into discussions with my hon. Friend about how we make this a reality. When I visit Iraq at some stage over the next few months, I shall raise the point directly with the Iraqi Government.

T6. [293931] **Ann Winterton** (Congleton) (Con): What impact does Pakistan's deep involvement in the Afghanistan conflict have on the prospect for a resolution of the long-running India-Pakistan dispute over the future of Kashmir?

David Miliband: The key to re-establishing the composite dialogue, which was so important in trying to establish better relations between India and Pakistan, is action in Pakistan on those associated with the Mumbai bombings. There is a real hunger in the Indian Government and among the Indian population to see real action from their Pakistani neighbours on that critical issue. However, the foundation of confidence needs to be proper prosecution and, if found guilty, sentencing of those who were associated—or allegedly associated—with the Mumbai murders.

T7. [293932] **Mr. Marsha Singh** (Bradford, West) (Lab): May I inform my right hon. Friend that many of my constituents are extremely concerned about the events taking place in Pakistan right now? This is a struggle that the Pakistani Government must win. What support are the Government offering Pakistan, both through what its troops are doing and on internally displaced people?

David Miliband: I am glad that my hon. Friend, who follows these issues carefully, gives me the chance to reflect with the House on the vital work being done in Pakistan. The Pakistani Government have long been urged to recognise that the multiple insurgencies that they face are a threat not just to them, but to overall regional peace and security. The armed efforts now being taken up by the Pakistani army in six of the districts in South Waziristan threaten a large number of refugees, but also offer the prospect that, for the first time, there will be a proper Pakistani Government security presence in those districts. It is of the utmost importance that we continue not only to offer political and humanitarian support, which is an essential part of our work with the internally displaced persons who will inevitably come with the conflict, but to engage with all Pakistani opinion on this vital issue.

T8. [293933] **Norman Baker** (Lewes) (LD): The Government are right to expend diplomatic efforts in trying to prevent Iran from gaining nuclear capability, but does the Foreign Secretary understand and accept that one of the issues that the Iranians rightly raise is the Israeli nuclear capability? What is his policy on that and will he encourage Israel to sign the nuclear non-proliferation treaty?

David Miliband: Yes, and I answered exactly the same question when my hon. Friend the Member for Islington, North (Jeremy Corbyn) asked it at the beginning of questions today.

Dr. Phyllis Starkey (Milton Keynes, South-West) (Lab): Does the Foreign Secretary agree that the appropriate response of the Israeli Government to the Arab peace offer would have been an unequivocal commitment to an immediate settlement freeze, as all the settlements are illegal under international law. What can be done to ensure that they do this now?

Mr. Lewis: I agree with my hon. Friend. President Obama has made it clear that the trigger for comprehensive negotiations that will lead to a two-state solution are, first, the freezing of illegal Israeli settlements, which has long been the British position, and, secondly, a positive gesture towards the state of Israel from the Arab world. We believe that there is no time to waste in responding positively to President Obama's initiative.

T9. [293934] **Mr. Peter Bone** (Wellingborough) (Con): Last year we provided £339 million in overseas development assistance to India. We even provided £97 million to China, but Afghanistan on the other hand received only £178 million. The brave men and women of our armed forces are fighting to defeat the Taliban. Should we not be providing more aid to win the hearts and minds of the civilian population?

David Miliband: We are providing more aid: Afghanistan is going to become the second largest recipient of British aid this year. It is also worth pointing out that, to put it mildly, Afghanistan is a much smaller country than China or India. By definition, the aid that we give to a country of 20 million people will be much less than our aid to some other countries. However, I can assure the hon. Gentleman that Afghanistan will become the second largest aid recipient this year.

David Cairns (Inverclyde) (Lab): One small cause for optimism in the middle east is the security improvements on the west bank, which have been brought about by the Palestinian Authority finally getting a grip on security there and the Israelis responding by opening road blocks. Will the Foreign Secretary continue to provide full support and backing to General Dayton and his largely British team, who have done so much to bring about that improved state of affairs?

David Miliband: Yes, I have worked closely with General Dayton, who has done an important job, with support from his British No. 2. The commitment to improving Palestinian security was to be found in phase one of the road map, and the Israeli commitment was meant to be to freeze the settlements alongside that. The fact that the Palestinian Authority are determined to follow through on their commitment to improving Palestinian security is right, and it is also reaping dividends in the form of the economic benefits that can be seen by anyone who goes to Ramallah or anywhere else in the west bank.

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): I am mindful of the earlier exchanges about Sri Lanka and the work being done by the Government. Is it not therefore high time that we had a cast-iron programme from the Sri Lankan Government for the disbanding of those awful camps and the repatriation of the Tamil people?

David Miliband: Yes.

Gordon Banks (Ochil and South Perthshire) (Lab): Will my right hon. Friend tell me whether he thinks that the pressures on freedom of expression elsewhere in the world have an impact on our own freedoms of expression and our safety in the UK?

Chris Bryant: Freedom of expression, wherever it may be in the world, is a vital subject that we try to raise in many countries. Part of our diplomatic effort in Colombia, Russia, China and many parts of Africa involves trying to ensure that the freedoms that we rejoice in here in this country can be shared by people in other parts of the world.

Sir Nicholas Winterton (Macclesfield) (Con): Zimbabwe has fallen off the Foreign Office radar, yet the tragedy and the crisis there continue. What initiatives are the Government taking to try to bring some form of African democracy to that wonderful country?

David Miliband: I am glad to have the opportunity to assure the hon. Gentleman that Zimbabwe certainly has not fallen off our agenda. There is intensive work going on, not least through our contacts with the new South African Government, to ensure that the crisis that he has rightly described is not forgotten. He will also be aware of our continuing humanitarian work. The vital need, however, is to support the global political agreement and the transition that it promises to a proper election that will recognise the real winner of that election. He will have seen that members of a European Union delegation went to Harare and delivered a simple message without fear or favour to President Mugabe and Prime Minister Tsvangirai. The message was that they would support the Zimbabwean people in delivering and administering that global political agreement, but that it must lead to an effective election to resolve the country's future.

Mr. Denis MacShane (Rotherham) (Lab): Does my right hon. Friend agree that any massacre, big or small, by whomever, of Jews during world war two was a crime against humanity? To whitewash such a massacre and to try to make it relative is intolerable, unacceptable politics, and those who associate with those politicians shame this House and our nation.

David Miliband: My right hon. Friend has done fantastic work with colleagues across every party on anti-Semitism and the need to combat it. There is no room for hair-splitting when it comes to the massacre of 300 or 400 people in a Polish village in 1941, and I would have thought that every single Member of this House would be able to condemn that atrocity without any hesitation.

T10. [29999] **Mr. Desmond Swayne** (New Forest, West) (Con): In his answer to my hon. Friend the Member for North-East Cambridgeshire (Mr. Moss), the Foreign Secretary implied that our grand abstention was part of a cunning plan involving President Sarkozy. What was the plan?

David Miliband: The plan was very simple, and I would not describe it as cunning. I would describe it as principled and clear. It is to ensure that there is an independent inquiry into the allegations at the heart of the Goldstone report, that humanitarian aid gets into Gaza and that there is a restart of peace talks on the basis of President Obama's UN General Assembly speech. That is something that the hon. Gentleman should be supporting, not mocking.

Transfer of Prisoners

3.33 pm

Mr. Dominic Grieve (Beaconsfield) (Con): *(Urgent Question)*: To ask the Secretary of State for Justice and Lord Chancellor if he will make a statement on the report from the chief inspector of prisons documenting the concerted movement of prisoners between Wandsworth and Pentonville prisons in order to avoid inspection.

The Secretary of State for Justice and Lord Chancellor (Mr. Jack Straw): I am grateful to the hon. and learned Gentleman for this question. Her Majesty's chief inspector of prisons, Dame Anne Owers, has today published two inspection reports concerning Her Majesty's prisons at Pentonville and Wandsworth. The inspections took place in May and June this year. The background to the chief inspector's findings is contained in a written ministerial statement that I made to the House this morning. An investigation report was received by the senior management of the National Offender Management Service on 2 October. The report found that 11 prisoners had been subject to temporary transfers between Wandsworth and Pentonville, and that those transfers had been arranged in a deliberate attempt to undermine the inspection process of Her Majesty's chief inspector of prisons. Several of these prisoners were known to be vulnerable, and two harmed themselves during this process.

Following the receipt of the investigation reports, disciplinary charges under the Prison Service code of conduct were laid on 13 October against a number of individuals. Proceedings are currently under way. The House will understand that such disciplinary proceedings are not a matter in which Ministers can or should be involved.

The prisons and probation ombudsman and Her Majesty's coroner are conducting separate investigations into the self-inflicted death of another prisoner transferred to Pentonville, following a court appearance, in the week before the Wandsworth inspection. The prisoner was held at Pentonville during the inspection, before being returned to Wandsworth. During the course of the investigations, information emerged to suggest that a third prison, HMP Brixton, temporarily transferred prisoners out during its inspection. A further investigation is now being completed and we are awaiting a formal report.

There are obviously questions as to whether these practices are more widespread across the prison estate. I have therefore asked Her Majesty's chief inspector of prisons to work with the Ministry of Justice's director of analytical services to investigate whether the temporary transfer of prisoners prior to inspections has occurred in other prisons.

The transfer of prisoners like this, in a deliberate attempt to undermine the inspectorate process of HM's chief inspector of prisons, was a disgraceful matter in both its intent and its execution. The individuals involved neglected one of their primary duties—to treat those in custody with decency and respect—and made serious errors of judgment, which are neither justifiable nor excusable. But for these transfers, these two prisons were

"en route to get good inspection reports",

as Dame Anne Owers, the chief inspector, commented this morning. She added that

"inspection has nothing to do with performance targets".

Independent inspections and Prison Service performance standards, along with substantial investment, have led to a transformation in the nature of prison regimes over the past 12 years. Her Majesty's chief inspector has acknowledged that prisons today are more decent, more constructive and considerably more secure, which is yet another reason why these incidents are all the more inexcusable and regrettable. I will, of course, keep the House informed of further developments.

Mr. Grieve: The report by the chief inspector of prisons and the answer just given to my question today show that prisoners have been transferred from Wandsworth and Pentonville prisons with the collusion of senior staff and the deliberate intention of avoiding independent inspection without any regard for those prisoners' well-being. Dame Anne Owers concludes that this was

"irresponsible, pointless and potentially dangerous".

She is clearly right, and I am delighted that the Secretary of State agrees.

Those responsible face a disciplinary process. That, too, is right. We will await the outcome and I certainly do not wish to prejudice such proceedings today. However, if the Prison Service takes responsibility for its mistakes, will the Justice Secretary take responsibility for the failings in the prison system that are bringing this state of affairs about? The truth is that this type of incident, while totally inexcusable, is an almost inevitable result of this Government's serial mismanagement of our prisons.

Prison overcrowding is at record levels. Can the Justice Secretary confirm that in May, at the time of the inspections, Wandsworth prison was holding 50 per cent. more prisoners than its certified capacity—just seven away from its absolute emergency breaking point? Is it fair to limit responsibility to prison staff when the Government have recklessly ignored all the warnings over a period of six years that predicted this crisis of capacity in our prisons today, which was bound to impact on how individual prisoners are managed?

The Justice Secretary seems to believe that targets can make up for this most basic failure to provide enough places for all the prisoners. Both Wandsworth and Pentonville prisons are subject to 44 different top-down targets, including one for the amount of water drunk and another for energy efficiency. In the first quarter of this year, as the Secretary of State said, Wandsworth prison was evaluated as "good", yet at the same time we have these serious failings.

Does the Justice Secretary accept that we are witnessing the stark reality of the warping effect in the real world of excessive Whitehall targets set by this Government? Does he accept that prison officers would not go to such extraordinary lengths to dupe inspectors if the Government lived up to their responsibilities, and created the conditions in which they can work properly?

Then there are the specific findings of the chief inspector: the deliberate moving of vulnerable prisoners prone to self-harm which definitely led some of them to injure themselves, and the fact that two of the five prisoners from Wandsworth tried to kill themselves when told that they would be moved. One tied a ligature around his own neck and cut himself. He was forced from his cell in his underwear.

Does the Justice Secretary recognise that those appalling and utterly avoidable examples of mistreatment are the consequences of a prison estate that is bursting at the seams? Will he undertake to come to the House and make an oral statement once we have the ombudsman's findings on the tragic suicide of Christopher Wardally? Will he take some responsibility?

These are not isolated examples. As a result of the conditions in our prisons, incidents of self-harm rose by 10 per cent. last year. What hope can we have of reducing reoffending rates to protect the public when increasing numbers of prisoners are so desperate that they will harm themselves? *[Interruption.]* Did the hon. Member for Bolsover (Mr. Skinner) wish to intervene?

Mr. Dennis Skinner (Bolsover) (Lab): No. It was so boring that I did not bother.

Mr. Speaker: Order.

Mr. Grieve: I am glad that the hon. Gentleman takes this matter so seriously, Mr. Speaker.

Does the Justice Secretary accept that the Government's usual tactic of trying to characterise the transfers and the problems as being isolated incidents simply does not wash from what we know happened at Brixton? Will he give the House an undertaking to publish, in a written statement, a list of all prisoner transfers made within a week before inspections were due in all prisons in the last six months? That will at least give us some measure of transparency, given that there must be fears that this may in fact be a widespread practice. Although the Secretary of State has known about the matter for some time—since July—Wandsworth remains as crowded as it was back in May.

This is a Government who are on their last legs. They are exhausted, and they are bereft of solutions to problems that are entirely of their own making.

Mr. Straw: Let me respond to the series of questions asked by the hon. and learned Gentleman.

I have always taken responsibility for the prison system, and any other matter falling within my wide responsibilities as a Minister, in every Department in which I have been involved. However, there is no evidence so far—none whatsoever—that these totally unacceptable and inexcusable transfers have anything to do with the setting and maintenance of targets, or with overcrowding in prisons.

I accept, and volunteered in my statement—indeed, it was I who proposed it in the first place—that, given the evidence here, and the evidence that we have that something may have happened in Brixton, and we know no more than that, there are bound to be questions about whether the practice was widespread. That is why I have set up an independent investigation in which the chief inspector of prisons' staff will be involved alongside my staff, who, I may say, are separate from the staff of the National Offender Management Service. However, both the director general of the Prison Service—who is as appalled about this as anyone—and the chief inspector of prisons themselves said today words to the effect that they doubt that the practice is widespread, and so far there is no evidence that it is. I promise the House, of course, that any evidence that emerges from the analysis that we are conducting will be made available to the House, and that, if there is any evidence, it will be followed up rigorously.

As for the number of prisoners in Wandsworth prison on the day of their inspections, two measures are applied, certified normal accommodation and operational capacity. No local prison in the country has ever been at its certified normal accommodation level. All-work, and have under successive Governments, to their operational capacity. Wandsworth was just under it, and Pentonville was 84 under it.

On the hyperbole about targets, after years of absolute chaos in the prisons under the previous Administration—for example, escapes were running at more per week than happened last in a single year—it was they who established targets: eight key performance indicators and eight targets. There are now 13 targets for prisons, including on such matters as escapes, drugs, reoffending, staff sickness and ethnic minority staff. I would like the hon. and learned Gentleman to tell us which of them he suggests we should not meet.

As for overcrowding—

Mr. Speaker: Order. May I gently say to the Secretary of State that if he could offer us a brief distillation of his views, that would be appreciated?

Mr. Straw *rose—*

Mr. Speaker: Order. So far, the exchanges between the Front Benches have simply taken too long. If that happens again, I will cut them off, as we must get Back Benchers in.

Mr. Straw: As for the timing, I was informed of this on 30 July. I issued a public statement immediately, and I also wrote to the hon. and learned Gentleman on 2 September.

David Howarth (Cambridge) (LD): What appears to have happened is, indeed, disgraceful, and it is particularly disturbing that the members of staff involved were of such high rank and of such previous high reputation. However, does the Secretary of State not feel some twinge of guilt about what happened? He says there is no connection between this and overcrowding, but the connection is as follows: because of overcrowding, every day there are massive transfers from prison to prison within the prison system, and presumably that is where the idea arose of hiding these problems behind transfers. The second thing he should feel some responsibility for is the fact that the prisons are full of inmates who suffer from mental illnesses—serious mental illnesses in many cases. There is a far higher proportion of people with mental illnesses among the prisoner population than among the population at large. We have been given to believe that some of the inmates concerned in this case were suffering from mental illness. Will the Secretary of State confirm that?

Does the Secretary of State accept that the overcrowding of the prisons and the fact that they are full of mentally ill prisoners is in the end the responsibility of the Government, who have encouraged both the greater use of prison and the increasing of prison sentences in a vain attempt to win a punitive war of attrition with the main Opposition party? Does he not see that this incident is a cause for soul searching not only in the Prison Service, but at the highest level of politics?

Mr. Straw: These are local prisons, and there is always a substantial movement in and out of any local prison. Local prisons, especially those in London, are very difficult to manage and I pay tribute to the staff. That has always been the case, but we have engaged in a massive building programme and so far—touch wood—we have kept prisoners out of police cells for at least the last year. Should the main Opposition party wish to trade stories about the state of our prisons, I can say that on any measure they are now in infinitely better state than they were under the previous Administration.

On the hon. Gentleman's key point about mental illness, I accept that there are far too many prisoners in prison who ought to be in hospital because of their mental health problems. That is why we set up the Bradley review, the findings of which we are now seeking to implement.

Sir Alan Beith (Berwick-upon-Tweed) (LD): Pursuing the point made by my hon. Friend the Member for Cambridge (David Howarth), ought it not to be a much clearer objective of the prison system that prisoners are assigned to, and kept in, institutions with regimes that have the capacity to reduce their likelihood of reoffending? Does the Secretary of State recognise that a lot of the time that is not happening, which is why such disgraceful transfers might not have been so obvious?

Mr. Straw: We do, indeed, seek to transfer prisoners whose sentences are of reasonable length to fulfil the major part of their sentence in institutions that might help to reduce their reoffending. I also say to the right hon. Gentleman that reoffending rates have significantly improved, not least as a result of some of the targets we have set. The problem in some of these cases is that these were prisoners who had to go to court. That is the purpose of a local prison. Such prisoners cannot be held miles away from the court they are attending.

Emily Thornberry (Islington, South and Finsbury) (Lab): Does my right hon. Friend agree that by indulging in these transfers the senior management have not only betrayed the prisoners and the trust we have put in them to treat prisoners properly and fairly, but have also completely eclipsed the hard work of prison officers who, in fact, have been improving conditions in the two prisons concerned?

Mr. Straw: May I first pay tribute to my hon. Friend the Member for Islington, South and Finsbury (Emily Thornberry), in whose constituency Pentonville prison lies? I know of her great concern about the prison and her great commitment to the work of the staff. On her overall point, I entirely agree with her; one of the tragedies of what has happened is that, as Dame Anne Owers has said, all the good work and the improvement in progress, which was specified in the reports and which the Opposition failed to acknowledge, has been eclipsed by this terrible series of incidents.

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): May I say to the Secretary of State that the real concern is that the practice is very widespread? Will the inquiry look into that? Will it also examine the role of the medical staff who have been involved? Will he alert the independent monitoring boards of each prison to address this particular question?

Mr. Straw: On the issue of whether the practice is widespread, that is obviously a question for all of us—it was the first question that I asked. That is why I have set up this detailed investigation, which will look, first, at the transfer records for each prison that has had an announced inspection to check whether any prisoners were shipped out and shipped back again—that will be the key indicator. If any such prisoners are found, further investigations will be carried out. I also accept what the right hon. and learned Gentleman says about medical staff.

Fiona Mactaggart (Slough) (Lab): We do not yet know whether these transfers contributed to a prisoner killing himself, but would the Lord Chancellor agree to report to this House, following the report of the prisons ombudsman and the coroner's report, on whether that was the case in this instance and on the number of prisoners up and down the country who are killing themselves while they are in our prisons?

Mr. Straw: On the specific issue, the reports of the prisons and probation ombudsman are normally published. The publication of this report is a matter for the ombudsman, not for me, however, I fully understand the concern of the House to see the report. An inquest will also take place, probably after that. It is entirely appropriate that that should take place before any announcement is made to the House, but I will, of course, keep the House properly informed. Any suicide in prison is deeply to be regretted, but I just say to the House that the number for last year, 60, is lower—the figure fluctuates considerably—than it has been since 1997.

Angela Watkinson (Upminster) (Con): If there is to be further investigation into any other possible occurrences of transfers related to the inspections, how will such transfers be identified and separated from the more routine transfers that take place when prisoners are making court appearances, which so often lead to their curtailing any education or training courses in which they are involved?

Mr. Straw: I am quite clear that those who are doing the investigation will, from their knowledge, be able to spot why a transfer took place. If a transfer took place from Wandsworth, Pentonville, Brixton or any other prison to a court—this happens every day—it is perfectly obvious why the person was transferred. On the other hand, if there was a transfer to a court and then a transfer to a different prison, and the original prison was being subject to inspection, that would trigger a warning light. This process of investigation will give a very good indication of whether, prima facie, this practice has been going on. I must say that the director general of the Prison Service, Phil Wheatley, and his senior staff, as well as the chief inspector and I, are totally and utterly committed to checking and checking again as to whether this practice has been going on at any other prison. As Mr. Wheatley said this morning, he has been a prison governor and in his experience, he has never come across such practice, but we may have to live and learn.

Mr. Peter Bone (Wellingborough) (Con): I spoke to the governor of HMP Wellingborough this morning. He was aghast at the practice and confirmed that it had

never happened in Wellingborough. Will the Lord Chancellor explain to me why the inspections are announced in advance and why the inspectors do not just turn up?

Mr. Straw: Some inspections are announced in advance and a great many are done unannounced. This is a matter for the chief inspector of prisons. I understand that her view is that having announced inspections provides an opportunity for the prison to ensure that it is in good order and to meet objectives previously set. She does not inspect to targets—she has made that clear—but she inspects to key indicators of what she describes as a "healthy" prison. At the same time, the inspectorate does use—I believe that it uses these more than formal, announced inspections—unannounced inspections. How the chief inspector does it is entirely a matter for her, but I think that the whole House will wish to place on record its thanks to her; it was in an announced inspection that this situation emerged.

The other point that I would simply make to all those Members who have asked whether such activity is more widespread than the current examples is that the information about these transfers emerged through complaints that prisoners made to their lawyers. Prisoners are fully entitled to write to their lawyers, to the ombudsman, to HM inspectorate of prisons and to Members of this House confidentially and without that information or those letters being seen by the prison staff. We can rest assured, given the publicity that has been given to this matter, that if further prisoners feel that they have been subject to such unacceptable transfers we will know one way or another.

Royal Mail

3.55 pm

The Minister for Business, Innovation and Skills (Mr. Pat McFadden): With permission, Mr. Speaker, I wish to repeat a statement made by my noble Friend the Secretary of State for Business, Innovation and Skills about the decision of the Communication Workers Union to take national industrial action later this week.

No one is in doubt about the damage that such industrial action will cause, but those who advocate strike action have not been clear about why it is threatened. The dispute at the Royal Mail is about modernisation, which has been the subject of localised strikes, particularly in London, for many months. We know from the Hooper review on postal services about the company's need to change and reform in the face of a postal market that is being transformed as people switch to text, e-mail and direct debit, and as the growing area of mail, which is parcels, offers a variety of alternative operators from which to choose.

Royal Mail has to respond to the fact that 10 million fewer letters are posted each day than were posted three years ago, and that total mail volumes have fallen by a further 8 per cent. in the first half of this year. In other words, if it stands still, the company faces terminal decline. Following a national strike two years ago, the union—the CWU—and management reached a national agreement on pay and modernisation. The agreement set a framework of four phases for bringing essential change to Royal Mail. The first three have been introduced throughout the country but are being resisted in some places, which I will come to shortly. The changes have involved the introduction of more walk-sorting machines and new working practices including expecting employees to do the full number of hours that they are paid to work.

Phase four, the next phase of modernisation, is yet to be agreed in substance rather than outline and will be about a new framework for improving industrial relations. That will include introducing walk-sequencing machines to sort the postal delivery round and developing new business opportunities along with a new system for rewarding employees.

In the majority of Royal Mail's workplaces, phases one to three of the national agreement have been implemented without any local industrial action being mounted. Outdated working practices have been replaced and efficiency is being improved, but in other parts of the country—most notably in London—there has been repeated non-co-operation and industrial action to frustrate the agreement's implementation. It is claimed by union representatives that in London the management are unilaterally imposing change that goes beyond the 2007 agreement's first three phases. Management contest that, pointing out that all that London is being asked to accept is what everyone else in the country is delivering under the first three phases. It is those local disputes that have now escalated into the threatened national strike.

I very much regret what is happening and, to put it candidly, we think that it is totally self-defeating for our postal services and for those who work in them. Taking industrial action will not resolve the dispute; it will serve only to drive more customers away from Royal

[Mr. Pat McFadden]

Mail. In the delivery of parcels—where there would otherwise be a prospect of growth—Royal Mail's reputation for reliability could be irrevocably damaged and in the delivery of letters such action will lead to a further twist in the downward spiral of mail volumes. Business will be quick to recognise that, while one can picket a delivery office to stop the service or refuse to deliver letters, one cannot picket the ever present internet.

Royal Mail's small business customers will look on with anger and exasperation. Just as there are signs of the economy recovering and the prospects for their businesses improving, strikes now will set them back and put their businesses in jeopardy. Royal Mail's finances will be plunged into the red. Last year, out of a £6.7 billion mail business turnover, the company made less than 1 per cent profit. One thing that the company cannot afford is strikes and industrial action.

Change in a big organisation is never easy, but for the Royal Mail it is unavoidable. Let me make it clear that, contrary to what some may say, the dispute is not about pensions. The trustees are engaged in their periodic assessment of the pensions deficit and, lest there be any doubt, let me make it clear that the Government's policy on the pensions deficit will not be dictated by strike action. The Government were prepared to take on the pensions deficit as part of a package of modernising measures set out in the Postal Services Bill. Sadly, however, the CWU did not support those proposals.

When it comes to financing, the Government and the taxpayer have not held back. We have made available £1.2 billion to finance a modernisation and investment programme, and that remains on the table.

We are, of course, in frequent contact with both management and the union. They have continued talking today, and we strongly welcome that. Our message to them has been clear: put your customers first; strikes are not the way to resolve differences or safeguard the future of our postal services.

The Royal Mail needs management and unions to have a relentless focus on turning it into an efficient, modern postal company, protecting as many jobs as possible and providing customers with the services that they need. Both sides should put behind them, once and for all, the endless cycle of disputes. We will, of course, continue to encourage a settlement, but we cannot impose good industrial relations on the company, or disinvent the internet. An independent third party may well be needed to help the two sides resolve their differences. ACAS is engaged, but we have to be realistic: it will be far easier for ACAS to play an effective role if the threat of a national strike is lifted.

The Government are ensuring that vital services to the public, especially those who are most vulnerable, are maintained. If necessary, the Department for Work and Pensions will implement plans to ensure that the small minority of pensioners and others on benefits who still receive their cheques in the post will be able to pick them up from their nearest post office. If the disruption is prolonged, the Department of Health and NHS trusts will make alternative arrangements to transport appointment notifications, blood samples and test results.

We urge both sides to make every effort to avoid damaging industrial action and to resolve this dispute. That is what is in the interests of the Royal Mail, its employees and its customers. I commend this statement to the House.

Mr. Kenneth Clarke (Rushcliffe) (Con): First, I join the Minister in hoping that management and trade unions find some way of resolving the dispute and avoiding a totally suicidal strike. They should return to the previously agreed programme of modernisation as quickly as possible, in the interests of both the customers and staff of Royal Mail.

Does the Minister agree that we should welcome the management's announcement that, if necessary, they will recruit temporary staff to maintain the service to customers? Many small businesses would be threatened by a continued dispute, and of course the possibility of disruption to the Christmas mail looms before us. I hope that he will welcome the management's decision in that regard.

The Minister's statement was factually accurate, but surely he does not think that he can wave away the Government's involvement in this matter. Is it not plain that it was the Government's weakness in conceding on their policy of part-privatising Royal Mail that almost immediately encouraged the Communication Workers Union to believe that it could move to reopen the two-year-old deal on modernisation and contemplate strike action? There seems to be a clear relationship between the two.

I welcome the continued commitment to the recommendations of the Hooper report, which we share, and the three key proposals which have to go together if they are to proceed at all. I hope the Minister can reassure me that that resolution to the existing policy will be maintained in the face of the undoubted pressures that he will come under if a strike goes on. After the cave-in on the Bill, can he reassure me that his weak Prime Minister will not next induce him to start taking apart the Hooper recommendations and making concessions to those who are challenging the modernisation programme?

As the Minister said in his statement—this is a stark remark—if the company stands still, it faces terminal decline. Is it acceptable in the face of such a dramatic remark for the Minister to admit that the Government have no policy, are proceeding with no Bill, and are capable of doing nothing as the service looks likely to face a risk of terminal decline? Does he agree that if things continue in this way—I do not blame him personally; I am sure it is the Prime Minister and the majority of the Cabinet who are responsible for this frozen impasse—he will leave to the next Government after the election in May whatever wreckage remains of an extremely important public service and the mail system of this country? He seemed powerless to do anything about it.

Finally, would it be fair to regard the issue, as I regard it, as a symbol of the Government's continuing inability to modernise and reform our great public services? Do not the facts as set out in the Minister's statement show that on that front this dying Government are weak, impotent, powerless and, like most members of the public, a horrified spectator of events as they unfold in the Royal Mail, over which they no longer have any control and for which they can no longer take any responsibility?

Mr. McFadden: There is, of course, nothing new about the Royal Mail hiring temporary staff at this time of year. It does that every year. This year it is hiring more because of the situation that it faces.

The right hon. and learned Gentleman asked me about Government involvement. The Government have put up £1.2 billion to finance the modernisation that is at the heart of the dispute. Far from that being delayed or held back by the dispute, we want to see it proceed because that is in the interests of the Royal Mail and its workers. What we cannot do is impose on the company the productive industrial relations that are needed for that to happen. In the end, ACAS involvement or not, that must be down to management and unions working through the issues that are needed to take modernisation forward.

The right hon. and learned Gentleman spoke about the Postal Services Bill. I note his party's position, as set out in the *Financial Times* this morning. We said that we would not proceed with the Bill at this time owing to market conditions, and that is precisely what his party set out as its position in the *Financial Times* this morning. It too would want to test the market before proceeding with the Bill. I note his position on that, as set out this morning.

John Thurso (Caithness, Sutherland and Easter Ross) (LD): I am grateful to the Minister for the courtesy of an advance copy of his statement.

As the Minister made clear, Royal Mail is no longer the essential business tool that it once was. The combination of electronic communications, growth in parcel delivery services and competition for business mail means that Royal Mail has a future only if it becomes competitive in that new environment. The present dispute will not assist that goal. It may, indeed, hasten the demise of Royal Mail by precipitating a flight to other suppliers.

Does the Minister agree that many larger businesses have already announced plans to place contracts with alternative suppliers, but that others which are less able to do so are particularly vulnerable, and that this dispute will have a disproportionate effect on them? I refer, in particular, to small businesses, some of our most vulnerable citizens and people in rural areas, all of whom have the least alternative choice. Does the Minister agree that a prolonged dispute poses a clear and present danger to the universal service obligation? What steps will the Government take to ensure its survival?

The Minister has assured us that benefits payments by the Department for Work and Pensions will, for those in receipt, be available at post offices. Will he give similar assurances regarding winter fuel payments, which are coming up shortly? What about the volume of mail that Her Majesty's Revenue and Customs sends out on tax credits, and its other correspondence? Will the Minister confirm that the Government plan to seek alternative suppliers in the private sector for their own postal business? What assessment has been made of the impact of that decision on Royal Mail's future?

Part of the reason why we are in this situation is the stalled legislation. The Minister well knows that I would not have begun it, but he must now accept that having started and then stopped is worse than not having started in the first place.

Mr. McFadden: I shall try to go through the issues that the hon. Gentleman raises. He is absolutely right that the world has changed and people have communications alternatives. That stark fact should concentrate everyone's minds as they stand on the threshold of the dispute. It is why, indeed, a strike would be so tragic for our postal service and those who work in it.

The hon. Gentleman referred to the switch from mail, and, as I said in my statement, there is already a highly developed market in parcels. High street retail chains already, sadly, carry adverts saying, "Fed up with postal strikes? We don't use the Royal Mail", and I fear that we will simply see more of that if the strike goes ahead.

Some 50 companies account for some 40 per cent. of the mail that is posted by letter every day. If a major shift is made by those companies, away from mail to paperless billing and greater incentives for direct debit payment, it could do permanent damage to Royal Mail's prospects. Again, my fear is that industrial action would only make such a shift more likely.

The hon. Gentleman asked about the delivery of pensions and benefits. Those sent through the post are now a fairly small minority; most are paid either directly into bank accounts or through the Post Office card account. As I said, for the minority who still receive benefits through the post, the Department for Work and Pensions will make arrangements to try to ensure that people do not lose out on the money to which they are entitled.

Mr. Ian McCartney (Makerfield) (Lab): As a former postal services Minister, I must say that we have been 12 years in coming to this point, and it is really important that a Sir George Bain-type figure is appointed to negotiate a settlement—negotiate, negotiate, negotiate. Why? Because front-line staff and customers in every one of our constituencies deserve better. If people give up the skill, knowledge and commitment to negotiate, they will be as much use as a chocolate fireguard at defending their members' interests or the company's long-term interests. I ask my right hon. Friend to make sure that the management and the union get around the table to resolve the issue to ensure that the company and its front-line staff have a future, and that its customers can get on with their business.

Mr. McFadden: My right hon. Friend makes his point very effectively. On third party involvement, ACAS is engaged, but I believe that it would be far better able to carry out the very effective role that it often can carry out if the threat of industrial action were lifted. ACAS stands ready to give assistance in the dispute, and, if the management and union believe that that would be effective, the service is available.

My right hon. Friend is absolutely right: in the end, whatever the involvement of a third party, it will be down to the management and the union to work out for Royal Mail a future that gets away from the pattern, seen not just once but consistently, of localised disputes, time and time again, over changes that would be normal practice in other parts of industry.

Several hon. Members *rose—*

Mr. Speaker: Order. About 20 Members are seeking to catch my eye. There is important business to follow in the form of the Second Reading debate, so once again I am looking for single, short supplementary questions and brief replies.

Peter Luff (Mid-Worcestershire) (Con): Does not the Minister see that the uncertain note that the Government have sounded about the future of the Postal Services Bill must have contributed to the decision of the Communication Workers Union to threaten industrial action? Can he therefore clarify the future of that Bill, which is still languishing under remaining orders on the Order Paper? That would also have the benefit of clarifying the limbo into which Postcomm and Ofcom have been thrown by the delay to the Bill.

Mr. McFadden: During discussions on the Hooper package we were told time and again that there was no need for some of the reforms suggested in it because everyone was up for change. Yet since the Government said that we would not proceed with the Bill at this stage, we have seen not change but a return to the destructive pattern of industrial disputes over change and modernisation in the postal service. There was an opportunity for those who disagreed with the Hooper package to show that change could be delivered, but that opportunity has not been taken up; in fact, the very opposite has happened.

On regulation, we will encourage a closer working together of Postcomm and Ofcom, because the postal service must be seen in the light of the wider communications market. To go back to the point made by the hon. Member for Caithness, Sutherland and Easter Ross (John Thurso), there are alternatives, and we are all using them every day.

Geraldine Smith (Morecambe and Lunesdale) (Lab): If Royal Mail's case is so strong, why is it not prepared to go to arbitration? Why is it saying that it will consider it only if the union calls off the strike? That is silly playground posturing. It should get to arbitration, and arbitration should be binding on both sides. This is causing misery for businesses and people up and down the country, and the Government are washing their hands of it. Get in and sort this out!

Mr. McFadden: It is absolutely not the case that the Government are washing their hands of this dispute. We remain in regular contact with the union and the management. Ministers have met union representatives twice in recent weeks, and we are also in regular contact with the management. As I said, ACAS is engaged and stands ready to help, but of course it is easier for it to play a constructive role if the threat of industrial action is lifted.

Mr. Peter Atkinson (Hexham) (Con): Does the Minister have any idea how many postal workers, particularly in London, have second jobs? It is the threat that they might have to work a full shift for which they are paid that is adding to the militancy. *[Interruption.]*

Mr. Speaker: Order.

Mr. McFadden: It is certainly true that one of the changes agreed in the 2007 agreement is that, instead of the previous practice, which was known as job and finish and sometimes meant people going home a couple of hours before the end of the hours for which they were paid, postal workers would work the hours for which they were paid, which might also mean being more flexible about how they went about their job during that period.

Colin Burgon (Elmet) (Lab): The Minister, in his disappointingly one-sided statement, talked about the need for productive industrial relations. How can there possibly be productive industrial relations with a management who sabotaged the fourth phase of the agreement and who he knows, in his heart of hearts, have no commitment to keeping the service in the public sector and want to privatise it so that they can put money in their own pockets?

Mr. McFadden: Discussions about phase four of the agreement are continuing. That is absolutely essential, because in many ways phase four is more important than phases one to three. Phase four is about the large-scale introduction of walk-sequencing machines that will sort the round by post and, if that change is introduced successfully, place Royal Mail on a par with some of the more modernised postal services elsewhere in Europe.

Mr. Alistair Carmichael (Orkney and Shetland) (LD): Even without yet having had the impact of strike action we have had the alarming news in Scotland that one of the major public sector contracts—the Procurement Scotland contract, which deals with mail to the NHS, colleges and most councils in Scotland—is going to be given to a private sector operator. What can the Minister do to ensure that the haemorrhaging of business from private businesses, to which he referred, does not spread to the public sector?

Mr. McFadden: Competition exists in the postal service, and it will not go away and cannot be wished away. I want a Royal Mail that is fit to win in that market, rather than one that simply wishes competition to go away. The most fundamental challenge to Royal Mail is not competition from other mail companies but competition from other communications technologies. That must lie at the heart of the response to the threatened dispute.

Joan Walley (Stoke-on-Trent, North) (Lab): Everyone listening to the statement will have greeted it with dismay and anger. As long as the Royal Mail is in public ownership, what is done is done in the Government's name. We are talking not about the Premiership but about a precious public institution, so will the Minister instruct Adam Crozier to go to ACAS and get a negotiated solution?

Mr. McFadden: The dismay and anger will be on the part of the public, who cannot understand why a strike should proceed. I have seen a number of interviews about the dispute with spokespeople in recent days, and although various grievances have been outlined, no clear reason has been given why the country, the economy and the public should be facing a national postal strike

this week. ACAS is ready to play a role, but it will be far better able to do so if the threat of industrial action is lifted.

Mr. Brian Binley (Northampton, South) (Con): Concern is growing that the Secretary of State is deliberately antagonising the union to commit suicide, to pave the way for full privatisation on the basis that privatising a third of the business is almost impossible to achieve. Will the Minister explain why that concern is not justified?

Mr. McFadden: We have been clear throughout that we will keep Royal Mail in the public sector, and there is no hidden agenda to privatise it. We made that clear throughout the debates on the Hooper report.

Mr. Chris Mullin (Sunderland, South) (Lab): Further to that point, I am glad to note what the Minister says about the Government's intentions, but is he aware that there is an underlying fear among postal workers that the long-term objective of management is to privatise and casualise the industry? Can he say anything to allay the fears of the work force on that point?

Mr. McFadden: The best way to allay the fears of the work force is to have a secure agreement about the modernisation of Royal Mail that is implemented. Whether or not third parties are involved, that is what must come out of this. The tragedy is that we could achieve that without a national dispute and the damage that it causes.

Mr. Edward Timpson (Crewe and Nantwich) (Con): The Minister is, I know, aware that the closure of the Crewe mail centre would result in significant job losses that could equate in the current climate to an increase in local jobseeker's allowance claimants of 25 per cent. Does he agree that, for the sake of local employment in a recession, it is important that we separate the original review of the mail centre network from the current dispute?

Mr. McFadden: I am afraid that I cannot agree with the hon. Gentleman that we should put the issue of mail centres on ice. We have pretty much the same number of centres around the country as we had before the internet was invented. I do not know whether he heard what I said in my statement about the fall in mail volumes, but of course that will mean changes to mail centres. I appreciate the effect that that can have in an area if it loses its mail centre, but I have to disagree with him because it would be wrong for the Government to instruct Royal Mail that it had to keep the same number of mail centres for ever and a day when it is trying to introduce change throughout the rest of the company.

John Robertson (Glasgow, North-West) (Lab): I declare an interest: as somebody who was a CWU member for 21 years, I am perhaps not as unbiased as some.

The Post Office and Royal Mail management have been known for years as not being able to get on with their work force, yet we have done nothing about it. We saw on television last Sunday a document come into the public domain that was intended to inflame the situation. Now they are talking about increasing the number of part-time workers, inflaming it even more. Does my right hon. Friend not agree that it is time that they sat down, took away such inflammatory ideas and reached a proper negotiated settlement? If ACAS has to be part of that, let us help ACAS rather than use the strike as an excuse.

Mr. McFadden: My hon. Friend is absolutely right to say that there has been a history of poor industrial relations in Royal Mail. Not only did we have a national strike two years ago and various local disputes in between, leading up to the current situation, but poor industrial relations have been a constant feature of the attempt to introduce change in the company.

My hon. Friend referred to a story that was in the media over the weekend. Let me read out Royal Mail's statement on the story:

"The contents of the e-mail sent to us by Newsnight do not reflect Royal Mail's policy, strategy or position in relation to the current dispute with the CWU…No member of the board or the senior management team at Royal Mail has seen, or is aware of any such presentation…For the avoidance of any doubt Royal Mail has never had any strategy to derecognise the CWU and nor would we seek to do so."

Bob Spink (Castle Point) (Ind): Will the Minister give an undertaking that any mail that moves to the private sector during the dispute will return 100 per cent. and immediately to Royal Mail at the end of the dispute? Will the Government get off their butt and actually get in touch with Adam Crozier and the management?

Mr. Speaker: Order. May I just gently say to the hon. Gentleman, who is an experienced Member, that one question means one question?

Mr. McFadden: There is no question of our not being in touch with those involved in the dispute. As I said, we have been in regular touch with people on both sides of it. On the question of lost business, the fear for Royal Mail is that people have alternatives. If the company's service is constantly threatened by strike action, the likelihood is that people will use alternatives. I believe that that is tragic for Royal Mail, for our postal service and for the good men and women who work in it.

Mr. David Anderson (Blaydon) (Lab): I am sure that the Minister will agree that everyone should do what they can to cool this down. If that is the case, why does he think that the management of Royal Mail have told workers today that if they attend the picket line on their day off, they will be deducted a day's pay? Is that the way to promote good industrial relations?

Mr. McFadden: I am not aware of the announcement to which my hon. Friend refers. I agree that cool heads are probably required in this situation, because if the strike goes ahead, it will not be in the interests of Royal Mail or those who work in it.

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): Will the right hon. Gentleman take every opportunity to impress upon trade union leaders that in view of the changes in technology and information communication their only future lies in accepting fundamental and continuing change, and that being so, they do not enjoy public support?

Mr. McFadden: The frustration of the situation is that everyone says that they are up for change in the face of the technological revolution to which the right hon. and learned Gentleman refers, but when it comes down to it, attempts to implement change are constantly frustrated by disputes. It is absolutely true that Royal Mail and its workers must get beyond that pattern if we are to have a prosperous postal service in future and to maintain the universal service that, as a social glue, is so important to the whole country.

Mr. Dennis Skinner (Bolsover) (Lab): Is the Minister aware that it takes two sides to cause a dispute? Is he aware that the ballot result was 70 per cent. in favour? That is democracy, and it is set against employers who have inflamed the situation by deciding to recruit 30,000 agency workers. I know which side I am on. I am on the side of those who deliver the mail.

Mr. McFadden: My understanding is that the 30,000 people recruited are not agency workers, but that they are directly hired, as Royal Mail hires every year. My hon. Friend is absolutely right—I have huge respect for him—that it will take two sides to negotiate a proper solution.

Talks are taking place today—I said this in my statement—and we welcome that. We hope even at this late stage that a settlement is possible without the damaging industrial action that has been threatened. My message to both sides is this: keep talking, keep focusing on the public, keep focusing on the small businesses that depend on Royal Mail and try to avoid the strike action threatened for later this week.

Mr. Mark Field (Cities of London and Westminster) (Con): I was disappointed by how little the Minister had to say about the protection of the everyday consumer. With that in mind, does he rule out this Government removing the last vestiges of the monopoly that Royal Mail has enjoyed, to the detriment of so many of the consumers who have relied on that service?

Mr. McFadden: Royal Mail does not have a monopoly, and that is the point that I am making. It operates in a competitive environment, and if a strike goes ahead, those who can use alternatives will be more likely to do so. That will be damaging for Royal Mail and it will also damage those who work for it. That is why a strike would be self-defeating, and we should do all that we can to avoid it.

Emily Thornberry (Islington, South and Finsbury) (Lab): Is the Minister aware that in Islington an agreement was reached under which there would be cuts in staff numbers and changes in working practices to pave the way for more machinery—but that the difficulty was that national management walked in and tore that agreement up? That is why the workers there are on strike.

Mr. McFadden: The allegation in London by the union is that management have gone beyond the agreement reached in 2007. Management contests that and says that all that London is being expected to implement are the changes that have already been accepted and implemented throughout the country. It is precisely that point about which the two sides are meeting as we speak, to talk it through and try to avoid industrial action later this week.

Mr. Peter Bone (Wellingborough) (Con): Earlier, the Minister skilfully dodged one of the questions asked by my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke). Will he make it clear whether he thinks that the 30,000 temporary staff being hired by Royal Mail are a good thing or a bad thing?

Mr. McFadden: That is what it does every year.

Mark Durkan (Foyle) (SDLP): The Minister must know that parts of the statement that he has made today, and the one that has been made in the House of Lords, will be contested by the union. How does he think that that is helpful in this situation, and can Ministers not move beyond providing questionable commentary in the House and get the union and the company into the same room at the same time, with the Government?

Mr. McFadden: As I said, we have remained in constant touch with both sides and we have urged them to focus on the public—the people who depend on Royal Mail—and avoid strike action. Of course we stand ready to help in any way we can, but we cannot impose good industrial relations on a company that has a history of going on strike whenever an attempt is made to implement change.

Tony Lloyd (Manchester, Central) (Lab): Morale among postal workers is at a very low ebb; that is why there was such a strong vote in favour of strike action by people who know that a strike would be disastrous. In that context, is it not right and proper for us to insist on mediation that brings union and management into the same room, to work and work until there are some common grounds for agreement? They will not do that on their own, because there is no trust between the management and the union.

Mr. McFadden: There has been a history of third party involvement in Royal Mail. Some years ago, Lord Sawyer carried out an inquiry into industrial relations in the Royal Mail, and George Bain and others have also examined the company in the past. There has been no shortage of third party involvement. ACAS stands ready to play a role if both parties think that that would be helpful. I am sure that ACAS would be able to play a productive role, but that would have a far better chance of working if the threat of industrial action were lifted.

Mr. Lindsay Hoyle (Chorley) (Lab): Is it not fair to say that businesses are being put at risk if the strike continues? Families of postal workers are also losing income in this desperate situation. Has not the time come for the Minister, who is the custodian of the shares in Royal Mail, to use his influence and shareholder power to ensure that the two parties sit round the table with ACAS and do not come out until this has been resolved amicably?

Mr. McFadden: They are round the table. There has been nothing lacking in the volume of meetings between Royal Mail management and the unions. I have heard talk of 70 to 80 meetings. ACAS is ready to assist and,

as I have said on more than one occasion today, it would be easier for ACAS to play a productive role if the threat of industrial action were lifted.

Mr. Jim Cunningham (Coventry, South) (Lab): It is not clear to me, from what the Minister has said, whether Royal Mail is prepared to go to ACAS. We know that the trade unions are prepared to do so. The situation is pretty serious. I have been involved in a few disputes in my time, and it is not easy for anybody to go on strike as a result of intransigent management. Small businesses and the families of those involved are suffering because of what is happening. There have been a lot of uncertainties—for 12 years, somebody said—and the Minister should now intervene directly.

Mr. McFadden: I believe that Royal Mail is prepared to involve ACAS in the dispute, but obviously it feels that that would have more chance of success if the threat of industrial action was lifted.

Marine Accident Investigation Branch (Reports)

Motion for leave to introduce a Bill (Standing Order No. 23)

4.35 pm

David Cairns (Inverclyde) (Lab): I beg to move,

That leave be given to bring in a Bill to make provision to oblige shipping companies, port operators and other bodies to comply with recommendations made in reports of the Chief Inspector of Marine Accidents and of the Marine Accident Investigation Branch; and for connected purposes.

On 19 December 2007, the Greenock-based tug, the Flying Phantom, sank in thick fog in the River Clyde with the loss of three of her crew. The dead men were Eric Blackely, aged 57, from Gourock; Robert Cameron, aged 65, from Houston in Renfrewshire; and the skipper, Stephen Humphreys, from Greenock, who was just 33 years old. There was one survivor: Brian Aitchison, from the borders.

In the aftermath, an investigation was carried out by the marine accident investigation branch. The investigation was thorough and exhaustive, and finally reported in September 2008, some nine months after the accident. The report runs to 55 pages and contains key safety-related recommendations addressed to all the protagonists: Svitzer Marine Ltd, which owned the tug and employed the crew; the port operator, Clydeport; the British Tugowners Association; and Lloyds Register. Yet, despite the fact that the MAIB is a statutory body, created by the Merchant Shipping Act 1995, and reports directly to the Secretary of State for Transport, its recommendations have no force of law. They are not legally binding and can be ignored with impunity.

That exposes a fundamental flaw in the structure of the MAIB. My Bill would make its recommendations legally binding, within a proper framework for implementation and appeal. To understand the need for the Bill, hon. Members need to consider how the MAIB has been constituted. Its website states:

"As far as the MAIB is concerned, the sole objective of investigating an accident is to determine its circumstances...with the aim of improving the safety of life at sea and the avoidance of accidents in the future. It is not the purpose to apportion liability, nor, except so far as is necessary to achieve the fundamental purpose, to apportion blame. We do not enforce laws or carry out prosecutions."

That is all well and good, but it raises a question: if, after an exhaustive inquiry, the MAIB makes recommendations that it believes will improve the safety of life at sea and help to avoid accidents in the future, and if such recommendations are then ignored, what is the point of it? I raised that point in a meeting with the Minister then responsible for transport and his officials. I ventured to suggest that MAIB recommendations could be ignored with impunity. "That's not the case," said an official. I was told that if a company or an organisation does not comply, 12 months later the MAIB can put a note on its website to that effect. That is not good enough. It should not be left to the discretion of companies or organisations whether or not to comply with key safety recommendations made by the very body whose job it is to determine the cause of accidents and to prevent them in future.

[David Cairns]

In the case of the Flying Phantom, there is an ongoing dispute about whether the recommendations have in fact been complied with, especially on the critical issue of assessing the risks caused by fog. Clydeport says that it has complied and that the issue of fog warning systems has been addressed. The trade union Unite, led by its Scottish regional secretary John Quigley, which represents the crew, says that Clydeport has not complied. More importantly for me, the widows of the men who died continue to believe that the river is not as safe as it could be, and that other families might have to face the terrible ordeal that they and their families have gone through.

The issue is far too important to be left to that "He says/she says" approach. Recommendations have been made and should be enforced or properly appealed against. The grey area that we currently occupy serves no one at all, least of all the companies and organisations involved. I do not want my Bill or this speech to be seen as an exercise in bashing Clydeport. It is an extremely important company in my constituency and I seek to enjoy good relations with it. I also know that the harbourmaster, Captain Ron Bailey, is a decent and conscientious man who is dedicated to the safety of those who sail the waters of the Clyde.

I understand that Clydeport has reservations about the way in which the MAIB went about the investigation, and it is quite entitled to have and to express those reservations. However, the dubiety about how recommendations have been implemented—or about whether they have been implemented at all—leaves us all in the worst of all possible worlds. That is why calls have been made for a further judicial inquiry. However, the facts of the case have already been established. Such an inquiry would be likely to replicate the findings of the MAIB, at considerable public expense. However, in the absence of a satisfactory outcome, no wonder such calls have been made: at least the recommendations of a judicial inquiry would have to be complied with.

I fully understand that there are complex legal issues at stake and a fear that if companies thought that liabilities would flow from an MAIB report, they would not co-operate as fully as they do now, but that is just too bad. The current situation is absurd and should be changed by means of a simple amendment to the Merchant Shipping Act 1995.

Two years ago, just one week before Christmas, three families lost their husbands, sons, brothers and fathers. For those families, the festive season has taken on a tragic quality. It is impossible to meet the widows of those men—Mrs. Helen Humphreys, Mrs. Linda Cameron and Mrs. Eileen Blackely—and not be impressed by the great dignity and composure with which they have endured their terrible ordeal. They are not after untold riches in compensation. They are not looking for heads to roll. They know that nothing can bring their husbands back to them. All that they have asked me to do is ensure that recommendations in MAIB reports are implemented, so that other families are not put through the appalling misery that they continue to suffer. For their sake, and in memory of the men who died, that is what we should do.

Question put and agreed to.

Ordered,

That David Cairns, Jim Sheridan, Mr. Alan Reid, John Robertson, Miss Anne Begg, Mr. Russell Brown, Mr. Brian H. Donohoe, Mr. Ian Davidson, Mark Lazarowicz, Mr. Frank Doran and Ms Katy Clark present the Bill.

David Cairns accordingly presented the Bill.

Bill read the First time; to be read a Second time on Thursday 22 October and to be printed (Bill 151).

Constitutional Reform and Governance Bill

[Relevant Documents: The Tenth Report from the Public Administration Select Committee, Session 2007-08, on Constitutional Renewal: Draft Bill and White Paper, HC 499, and the Government response, Cm 7688; and the Eleventh Report from the Justice Committee, Session 2008-09, on Constitutional Reform and Renewal, HC 923, and the Government response, HC 1017.]

Second Reading

4.45 pm

The Secretary of State for Justice and Lord Chancellor (Mr. Jack Straw): I have it in command from Her Majesty the Queen to acquaint the House that Her Majesty, having been informed of the purport of the Bill, has consented to place her prerogative and interest, so far as they are affected by the Bill, at the disposal of Parliament for the purposes of the Bill.

I beg to move, That the Bill be now read a Second time.

In 1997, the Government embarked on an unprecedented programme of constitutional reform. Power was devolved away from Westminster to Scotland, Wales and Northern Ireland, fundamental rights were enshrined in the Human Rights Act, freedom of information legislation was introduced, national statistics were placed on an entirely independent basis, the Bank of England was made independent, and the first step was taken towards a reformed House of Lords.

Surveying all this in an editorial yesterday, *The Guardian* newspaper asked us to

"look at the last 12 years. Labour's dispersal of power, had it been set out as a blueprint, would have appeared revolutionary."

Actually, it was set out as a blueprint, although each step has always appeared rather prosaic. There has rarely been intense excitement in the House, apart from over the devolution Bills, as each step has been taken. I recall another exception, involving my hon. Friend the Member for Cannock Chase (Dr. Wright), one memorable evening during an untimed Report stage debate—which I hope to see back—of the Freedom of Information Bill, when what was described as a mutual seminar was engaged in. I offered to alter the Bill for the better, although some colleagues perhaps think differently. Anyway, I offered to alter it to make it more workable as a result of the intense debate that took place. Generally, however, these proposals have been widely accepted.

This Bill is similar, because, while each of its proposals could be dismissed as prosaic, when added to all the other changes that have been introduced in the past dozen years, they will add up to a major shift in power away from Whitehall to Parliament and to the British people. In other words, the Bill builds on our achievements and has been designed to bring about the right relationship between Parliament, the Government and the citizen.

The provenance of the Bill is the announcement by my right hon. Friend the Member for Kirkcaldy and Cowdenbeath (Mr. Brown), just after he became Prime Minister in June 2007. Indeed, his announcement to the House on 3 July was his first major announcement on any issue as Prime Minister. Alongside that announcement, I published the Green Paper "The Governance of Britain", which set out further proposals for reforming our constitutional arrangements.

Keith Vaz (Leicester, East) (Lab): Nobody can doubt that the Government have pursued a huge agenda on constitutional reform, but may I press my right hon. Friend on the way our judges have been appointed? Does he feel that we perhaps went a little too quickly as far as judicial appointments were concerned—hence the concerns that have been expressed about some of the constitutional changes? I am not talking about the grand vision of what the Government have done—which has been amazing, in my view—but about some of the detail, which really needs to be scrutinised very carefully.

Mr. Straw: I agree with the gravamen of what my right hon. Friend says. Surprisingly—or amazingly, to pick up the adverb used my right hon. Friend—not everything that the Government have done over the last 12 years has been absolutely perfect. *[Interruption.]* Much has been but, with the benefit of hindsight, the changes to judicial appointments, although very well intentioned and aimed at ensuring that Ministers—in practice, only one Minister, the Lord Chancellor—were removed from the process, have had some odd and perverse consequences. The process has become longer and it is also a matter of great regret that the progress gradually being made to improve the diversity of the judiciary, particularly at senior level, with more women and more black and Asian people has been stemmed. My right hon. Friend, along with the whole House, is concerned about that, and I view it as significant.

A further matter was aired by Lord Phillips in a major lecture he gave in Kenya when he was Lord Chief Justice. There is a role, although it has to be a careful role, for the Executive in the appointment of the most senior members of the judiciary. That is true in all Administrations and it has to be very carefully exercised. Some of that was accepted in the Constitutional Reform Act 2005, but it remains to be seen whether that, and a more sensitive overall arrangement for judicial appointments, should be introduced in future.

Keith Vaz: It is my understanding, however, that the Bill will do the opposite of what my right hon. Friend intends. Is it not the case that the Bill will remove the Prime Minister from the process of the appointment of the president, the deputy president and members of the Supreme Court?

Mr. Straw: It removes the Prime Minister's role, but it does not remove that of the Lord Chancellor. Successive Prime Ministers would probably accept that, in practice, the acceptability of appointments has simply been in the hands of the Lord Chancellor of the day. I may be wrong, but I have never heard of any Prime Minister turning back a recommendation for a senior appointment made by the Lord Chancellor of the day. The Prime Minister today is very happy about that; so, may I say, am I.

Mr. Dominic Grieve (Beaconsfield) (Con): We all are.

Mr. Straw: But that is not the problem; it is the bureaucratic process that is the problem.

Let me return to summarising the Bill. Following the publication of the Green Paper, we established a programme of work to look at limiting Executive powers, to examine how the workings of Government could be made more

[Mr. Straw]

transparent and accountable, and to consider what we might do to reinvigorate our democracy. I have already said that we made significant changes, including to respective arrangements for appointing bishops and the granting of honours, and to further rules on the pre-release of statistics. Gone are the days—the terrible days—of the previous Conservative Administration, when the Secretary of State for Employment, now Lord Tebbit, was able peremptorily to change the definitions of unemployment, for example, 18 times to suit the Government—*[Interruption.]* Well, it is true. Let me provide a further example for the hon. Member for Chichester (Mr. Tyrie)—that of sitting on major recommendations for major changes in the crime statistics, which would have had the effect of increasing the number of crimes counted. I accepted those changes in 1998, and my right hon. Friend the Member for Sheffield, Brightside (Mr. Blunkett) accepted further ones in 2001, but the Opposition subsequently used them, quite preposterously, to suggest that violent crime had increased, when it was obviously the counting of violent crime that had increased. In any case, we have done that, just as we have established a Youth Citizenship Commission and published a national security strategy and the draft legislative programme—all those things in the Prime Minister's statement of 3 July 2007.

I deal now with the detail of the Bill. Ever since the Northcote-Trevelyan report of 1854 and the appointment of the first Civil Service Commission in 1855, the British civil service has been one of the best in the world, renowned for its professionalism, integrity and impartiality, and for its ability to serve successive Administrations of different parties with their confidence—but never before has the service been placed on a proper statutory basis, with protection for its values and its staff. The Bill does that.

Mr. Andrew Dismore (Hendon) (Lab): I welcome the provisions in the Bill, but one small part is missing: the part that I have been promoting for a number of years in a private Member's Bill to deal with nationality discrimination in Crown employment. There have been many recommendations for dealing with the matter, and I think that the Bill has cross-party support, except from one or two of the backwoodsmen on the Opposition Benches.

The nationality discrimination that we operate is contrary to a number of the United Kingdom's international human rights obligations. Perhaps my right hon. Friend will consider whether it would be possible to introduce the three or four new clauses necessary to deal with the problem. That would ensure that if rules did require people to be United Kingdom nationals, those rules were genuinely needed and did not perpetuate long-standing discrimination that goes back 200 or 300 years.

Mr. Straw: I understand my hon. Friend's concern. I can tell him two things. First, he will have every opportunity in the course of what I believe will be a significant amount of time on the Floor of the House to table his own amendments. Secondly, I shall be happy to ensure that both the Minister of State, Ministry of Justice, my right hon. Friend the Member for North Swindon (Mr. Wills), and I discuss the matter with him. I understand that proposals with which I used to be familiar—*[Interruption.]* Did the hon. Member for Cambridge (David Howarth) say something sotto voce?

David Howarth (Cambridge) (LD): It is surprising that the Secretary of State does not understand the proposals in great detail, given that the hon. Member for Hendon (Mr. Dismore) seems to present them every year.

Mr. Straw: I mean that I used to be completely familiar with them. I do not retain every last detail of every issue that I have ever examined in the House, but perhaps the hon. Gentleman would if he were in my place.

Part 1 of the Bill places the Civil Service Commission on a statutory footing, and reinforces its independence from Ministers. The commission's status, powers and reporting arrangements are contained in schedule 1, as is the fact that the commissioners are appointed by Her Majesty on merit following fair and open competition. Part 1 also sets out the power of the Minister for the Civil Service and the Foreign Secretary to manage the civil service and the diplomatic service.

Pete Wishart (Perth and North Perthshire) (SNP): Although it purports to be United Kingdom-wide, the Bill regrettably ignores the constitutional debate that is raging up in Scotland. The Secretary of State's party, along with the Conservatives and the Liberal Democrats, engaged in the Calman commission process. That commission recommended that the appointment of chief civil servants should be devolved to Edinburgh. This is the first opportunity that the House has had to legislate for that. Why is such a measure not included in the Bill?

Mr. Straw: The Bill does not ignore that debate. Its purpose is to place the existing arrangements for the civil service on a statutory footing. If in due course it were generally agreed to devolve power over the United Kingdom civil service altogether to Scotland and Wales—Northern Ireland has long had a separate civil service—that could come before the House in due course, but as the hon. Gentleman, who I know is a partisan in this respect, will recognise, there is much to be said on both sides. Some of us believe that following a devolution settlement that transferred a significant amount of power from Whitehall and Westminster to Edinburgh, it is important to maintain some of the glue of the Union. While the hon. Gentleman's interest is in putting solvent in the glue, ours is in ensuring that the glue stays strong. I am pleased to note that the hon. Member for Epping Forest (Mrs. Laing), who hails from Scotland, endorses what I have said.

The Government are committed to a civil service that is governed by the key principles of impartiality, integrity, honesty and objectivity. We believe those values should be enshrined in statute. Part 1 therefore requires the Minister for the Civil Service and the Foreign Secretary to prepare and lay before Parliament codes of conduct for the civil service and the diplomatic service, with certain minimum requirements. Those codes will form part of the terms and conditions of civil servants, and the Civil Service Commission will be able to investigate allegations that the code has been breached.

Dr. Alan Whitehead (Southampton, Test) (Lab): I warmly welcome the proposals to place the civil service

on a statutory footing in terms of requirements for its practice, but is my right hon. Friend satisfied that those proposals extend to the full area that the civil service currently occupies? Following the Northcote-Trevelyan report, which resulted in an arrangement for an undifferentiated civil service, we have next steps agencies, non-governmental bodies and various agencies of the civil service which expand the definition of the civil service to a considerable extent. Is he happy that the Bill's provisions cover what we now regard as the civil service in its full, differentiated glory?

Mr. Straw: I hope they do, but as my hon. Friend raises this point let me add that I am happy to ensure that they do. There is an issue to do with the growth of next steps agencies and non-departmental public bodies, which have arisen since the reforms introduced by the previous Administration in the early 1990s. It is certainly of concern to me that NDPBs can appoint their own staff and that they are not public servants; that creates difficulties and can lead to unacceptable and unjustifiable levels of pay and wage drift, as well as other anomalies and conditions.

Let me now turn to an issue in which some of us should declare at least a past interest, and in which others may have a future one: the role of special advisers. It says in my speaking notes:

"Special advisers have a valuable role to play in advising and assisting Ministers on Government policy."

Mrs. Eleanor Laing (Epping Forest) (Con): Hear, hear.

Mr. Straw: I thank the hon. Lady for that. I was about to say that I was one of the very first such advisers, back in 1974, but I know that the hon. Lady was too, and there may be others on both sides of the Chamber—such as the hon. Members for Chichester and for West Chelmsford (Mr. Burns).

Special advisers add an important dimension to the advice available to Ministers while reinforcing the political impartiality of the permanent civil service by distinguishing from it the source of political advice and support. Before the introduction of special advisers, civil servants were sometimes placed in a compromising position where they were expected to undertake what were explicitly political roles. Before that, there had been quite a tradition of private secretaries of senior Ministers being appointed by the Minister on a personal basis, which meant they were, in a sense, in the same position as political advisers. I acknowledge that I am biased on this matter, but I think good political advisers can greatly assist not only their Ministers but the functioning of the civil service.

Mr. Grieve: I am grateful to hear the Secretary of State's views, and I have no doubt at all that special advisers can play an important role. The Bill puts the code of conduct for special advisers on a statutory basis, but why should we consider that that will make any difference when the code of conduct as it existed did not prevent Mr. McBride from behaving in the way he did in the Prime Minister's office?

Mr. Straw: I think that having the code on a statutory basis will make a difference to behaviour, because there is a difference in terms of the status and authority of a code if it is on a statutory basis. I do not excuse what happened then in the least—nobody would—but codes may be broken under any Government, and where they are, appropriate and tough action must follow.

Sir Alan Beith (Berwick-upon-Tweed) (LD): May I put to the Lord Chancellor a point that I hope he will keep an eye on? In terms of our discussions in the House about whether the staff of Members should be employed by the House—there are quite good arguments for doing that—we risk getting a mismatch with what is happening in the Bill. If Members have on their staff a person who is essentially a political adviser, were he to be made subject to the civil service-like conditions of the House itself there would be a disparity between Back-Bench Members and Ministers. I hope the right hon. Gentleman recognises that, given his interest in the Bill, he should keep a continuing interest in those discussions.

Mr. Straw: We will, of course, keep a continuing interest in those discussions, but let me also say the following. I employed people under Short money when I was in the shadow Cabinet for 10 years and on the shadow Front Bench for 17 years. The truth is that those employed under Short money are subject to far fewer, if any, restrictions than special advisers. I know that to my certain knowledge. I should also mention that the amount of Short money available to the Opposition has trebled in the past dozen years, although they have not made much use of it.

Dr. Tony Wright (Cannock Chase) (Lab): The Bill is about setting down some fundamental principles. We think that one such principle is that special advisers can "assist" Ministers—the Bill uses that term—but they cannot take Executive action or give orders to civil servants. The Bill does not specify that—does my right hon. Friend think that it should?

Mr. Straw: In practice, special advisers cannot do that; I am certainly ready to consider amendments to that effect. May I also just say—I have often reflected on this—that I was an adviser for three and a half years and I have appointed advisers for the past 12 and a half years, and in neither role would I have thought it remotely appropriate for a special adviser to have given instructions to a civil servant, but there are some exceptions, which need to be borne in mind? When he came into office, the Prime Minister decided to repeal the Order in Council, introduced in 1997, that allowed for Jonathan Powell and Alastair Campbell to be able to give such instructions. I think that the Prime Minister was right to repeal that, given the concern, but I do not necessarily think this is something that ought to be enshrined in statute; it may be better if it were in the code, because I do not remotely regard it as a hanging offence for a future Prime Minister to decide, for example, that the head of his office should combine both roles. That is a different role from that of any other special adviser, but we can discuss that when we consider the details of the Bill.

The Bill also enshrines the principle of appointment to the civil service on merit, and the principle of fair and open competition.

[Mr. Straw]

On the issue of treaties, every year, the UK becomes party to many treaties that result in binding obligations under international law. Treaties that come into force after the Government have expressed their consent to be bound through a formal act such as ratification are subject to the so-called "Ponsonby rule". It was named after Arthur Ponsonby, who was a member of the first Labour Cabinet, which sat for nine months in 1924. The rule requires the treaty to be published and laid before both Houses for a minimum of 21 sitting days prior to ratification, in order to give Parliament an opportunity to scrutinise it.

Although the Ponsonby rule is well established—it was quickly abandoned by the Conservative Administration who won the election in 1924, but it has been followed post-war—it is based on constitutional convention, rather than law, and Parliament has no ability formally to veto a ratification; it has been a Crown matter. As Foreign Secretary, I felt that that was simply wrong. One of the key roles of a Parliament is to decide whether or not to ratify international instruments; the power should be one for Parliament and, in particular, for this place; it should not be a power for the Crown. I am delighted, as Justice Secretary, to put that right. Part 2 of the Bill places the Ponsonby rule in statute and, for the first time, gives legal force to a negative vote in the Commons on the ratification of international treaties.

Where Parliament requires more time for scrutiny, the Bill enables a Minister to extend the 21-day period in respect of a treaty. Consistent with the Ponsonby rule, provision is made for flexibility in exceptional circumstances, and there are exceptions for specific categories of treaty that are already subject to other scrutiny arrangements. I am sorry not to see the hon. Member for Stone (Mr. Cash) in his place, because I was fully expecting him to rise to the bait in this Bill and say what an outrage it was that European Union treaties were not mentioned in it. For those who wish to take his place and foam at the mouth at the very idea of the European Union, I must say that EU treaties are mentioned. Colleagues will see that clause 24(1) states that this set of arrangements does not cover treaties that amend founding treaties of the European Union. That is because there is already more extensive provision requiring those to be ratified by this House and by the other place.

The third part of the Bill deals with the House of Lords. The House of Lords Act 1999 was an historic and long overdue reform that removed the majority of hereditary peers. Part 3 of the Bill contains a package of measures to continue along that path towards a more legitimised second Chamber. Colleagues will recall that when that legislation was going through the other place it ran into a roadblock set up by a Cecil, Viscount Cranborne. That family have five centuries, at least, of experience of disrupting government when they do not agree with it.

As a consequence of the roadblock, a deal was struck between those on the Opposition and Government Benches, under which 92 hereditary peers would remain. Two would remain ex officio: the Lord Great Chamberlain and the Earl Marshal. There is no argument about those positions continuing to remain hereditary as long as we have them. I would advise all colleagues, whatever else they feel about the House of Lords, not to get into an argument about the future of the Lord Great Chamberlain or the Earl Marshal. They are both very good people who do difficult jobs and a great deal of work, which is mainly unsung.

Under the deal, the other hereditary peers had to form themselves into electoral chambers and elect from their number a total of 90. At the time—as I will perhaps be reminded—my noble Friend Lord Irvine said:

> "I respond to the noble Lord, Lord Weatherill, by saying quite unequivocally to the House that that figure of 90 will be honoured by the Government throughout the period of the transitional House."—[*Official Report, House of Lords*, 11 May 1999; Vol. 600, c. 1094.]

I could well be asked why we are changing that arrangement at this stage. First, we are not requiring any current sitting hereditary peer to resign his place in the Lords. They will remain until they depart this mortal coil or until further measures are introduced.

Secondly, as far as I am concerned, and, I think, as far as the House is concerned, 10 years ago there was no agreement whatsoever even within parties, still less between parties, about the future of the House of Lords. We had a royal commission, which did great work although its recommendations were not entirely accepted, and then abortive votes in this House in February 2003. We then had all-party talks between 2006 and 2007, the presentation of a White Paper in February 2007, which I was honoured to present to the House, and votes in this House that opted clearly, on an all-party basis, for an 80 or 100 per cent. elected Chamber and against all other alternatives. There was then an intensive period of further all-party talks that used that agreement as a template. I pay tribute to colleagues from all parties who took part in those talks. A further White Paper, published in July 2008, set out how that agreement would operate and further work is now being done—

David Howarth: Will the Secretary of State give way?

Mr. Straw: In a moment. Further work is now being done to bring about a framework for and draft clauses of a Bill to implement that agreement. In my judgment, therefore, the transitional House that people had in mind 10 years ago is not what we envisage now. We are through that phase.

Before I accept the intervention from the hon. Member for Cambridge, let me just say that the by-elections have now reached a risible position. We are now electing people to the House of Lords who were not hereditary peers at the time that the House of Lords Act was passed.

Mrs. Laing: But their fathers were.

Mr. Straw: They are the sons. I note the point that the hon. Member for Epping Forest (Mrs. Laing) makes, but because of the time that has elapsed the system of by-elections has been used not to weaken the hereditary principle but to maintain it.

We should look at the sort of electorates involved, as they flatter the electorates for the unreformed House of Commons before the Reform Act 1832. Dunchurch, which fell into the sea, had 32 voters: in the last election for a hereditary, there were just 27 voters—and 33 candidates. Moreover, one electoral chamber has just four electors.

David Howarth: I thank the Justice Secretary for giving way. As he will know, there were far fewer candidates in the days of the pocket boroughs, but will he confirm that the second part of what he said about the future of the House of Lords takes precedence over the first? Is he really saying that the hereditaries there now can stay as long as they are alive? The youngest hereditary is 38 years old, which means that we could have the hereditary principle for perhaps another 50 or 60 years. Will he give us some idea of what he sees as the timetable for switching to a fully elected, or 80 per cent. elected, House of Lords?

Mr. Straw: Perhaps I did so rather too parenthetically, but I did add a coda to the effect that hereditary peers will be with us until they are taken from this mortal coil, or until Parliament passes legislation that transfers them out of the House.

A great deal of detailed work, including the drafting of clauses, is now taking place to do what Parliament asked—that is, to introduce over three Parliaments a House of Lords that is mainly or wholly elected. Although the Labour party manifesto has not been drafted, I would be astonished if it was not our commitment to bring that into legislation early in the next Parliament. I hope that the party of the hon. Member for Cambridge shares that commitment.

David Howarth *indicated assent.*

Mr. Straw: The hon. Gentleman seems to nod assent. The Conservative party has signed up to the main propositions in the Green Paper, so I hope that its members can sign up to that one as well, including on the timing.

Mr. Mark Field (Cities of London and Westminster) (Con): The Justice Secretary has rightly pointed out the temporary nature of these arrangements, but would it not have been useful to bring in the category of temporary peer? The Government of all the talents was a very unrewarding experience: peers were appointed specifically as Ministers, but after a year or so in the role they ended up disappearing back into the private sector with a seat for life in the legislature. That is a very unsatisfactory arrangement. Is this Bill not an opportunity to ensure that temporary peers appointed specifically as Ministers no longer have a place in the legislature once their term of ministerial office has ended?

Mr. Straw: I am not opposed to that principle, and I do not guarantee what stand the Government will take when the matter comes up. Other suggestions to have been made include appointing people to the Lords for 10 or 15 years. The whole House—and I include the Government and myself in this—need to be open-minded about the matter.

Chris Huhne (Eastleigh) (LD): Will the Lord Chancellor give way?

Mr. Straw: Of course I will, in one second. The Committee stage of the Bill will have quite a considerable time on the Floor of the House, so let us see what proposition comes through.

Chris Huhne: Before the Lord Chancellor moves off the section of his speech dealing with the reform of Parliament, I want to talk about the dog that has not barked in this Bill—that is, the proposals for the recall of errant Members of this House, to which I think that the Prime Minister has signed up. Will the Lord Chancellor tell us something about his plans in that regard, and whether he intends to bring forward amendments in Committee that would fill that gap?

Mr. Straw: We are not intending to introduce amendments to this Bill that would fill that gap, although we do intend to publish proposals about it. I think that everyone understands the need for electorates to have the right to recall errant Members if they are not dealt with properly in this or the other place. However, a general election has to take place before 3 June, so every Member of this House will be subject to recall within the next six months. As it happens, therefore, there is no urgency for this Parliament to make a decision on the matter. It is important that we get it right: I do not want a recall mechanism that means that hon. Members who are assiduous and hard working can be recalled because of a policy argument, or because they voted against capital punishment or abortion rights, for example.

The experience in the United States varies. There is no recall mechanism for Members of Congress, nor for senators. There is a recall mechanism in some states of the Union. In some of those states, it is done for reasons; in others, it can be done without a reason. Although the recall mechanisms are rarely used, the threat of them can be very disruptive to the right of individuals to do as Edmund Burke said—to represent their electors and not to be their delegate.

Mr. Andrew Tyrie (Chichester) (Con): Further to the intervention from my hon. Friend the Member for Cities of London and Westminster (Mr. Field), has the Lord Chancellor had a chance to look at the proposals that set out in some detail a term peerage approach—the paper that I wrote with the present shadow Leader of the House when he was a Back Bencher, my right hon. Friend the Member for North-West Hampshire (Sir George Young)? Does that have the Lord Chancellor's support, and might he be prepared to consider an amendment in Committee to enact some of those proposals?

Mr. Straw: I have indeed read them. I think they were published by the University college London constitution unit. I do not wish to damage the hon. Gentleman's future career, but I thought they were rather good. I do not say that I agree with every part of them, but I am open-minded about the issue. I do not want to give a guarantee that we will accept amendments on it, because the usual processes of consulting in government have to take place, but I certainly wish to consider the proposals. I hope that is a reasonable undertaking.

I shall make progress on other matters, as others wish to speak. Part 3 on the House of Lords includes measures to ensure that the House has a robust disciplinary regime to deal with misconduct, to ensure that peers can be suspended or expelled, which they currently cannot be. It provides that peers are to be disqualified from the House after a conviction for a serious criminal offence or being subject to a bankruptcy restrictions order. Currently it is an offence to the public that

[Mr. Straw]

Members may have been convicted of a serious offence and may still be able to serve, which Members cannot do in this House. Part 3 also allows peers to resign and, if they wish to do so, to disclaim their peerage. I have already indicated that we intend to bring forward proposals for further reform.

Part 4 deals with public order. The right to peaceful protest is an important liberty and an essential component of a healthy democracy. Following the statement from my right hon. Friend the Prime Minister in July 2007, we have been reviewing the law on protests around Parliament. Our starting point has been to remove unnecessary restrictions on the right of protest, with a presumption in favour of freedom of expression, balancing that with the requirement that Members should be able to gain access to the House freely, that their work should not be disrupted, and that the general public, who may not necessarily be taking part in demonstrations, should not have their rights disrupted.

Mr. Simon Burns (West Chelmsford) (Con): Although I fully appreciate that the Government are seeking to minimise any unnecessary restrictions on the right of peaceful protest, are the Government confident that by extending the ban to only 250 metres, that will allow proper and reasonable access to this building?

Mr. Straw: I think that is the case, but I would not dream of saying that the distance should be 250 metres and not 350. It would be ridiculous if I were to do so. The House needs to consider the matter and I promise the hon. Gentleman that I will, too.

Mr. Dismore: I welcome the repeal of the Serious Organised Crime and Police Act 2005 in so far as it applies to Parliament. That follows recommendations that my Committee has made on a number of occasions. The particular concern that I have is that the alternative arrangements are to be made by regulation. There is a non-exhaustive list of conditions in the schedule. Would my right hon. Friend consider an exhaustive list, and also consider putting the conditions on the face of the Bill to ensure that we have legal certainty in this difficult area of the law?

Mr. Straw: Part 4 is very different from the provisions in the Serious Organised Crime and Police Act 2005, which are being repealed. It gives a senior police officer the power to impose certain conditions, and it amends the Public Order Act 1986. Those provisions in the 1986 Act and other, similar provisions are quite standard, and we must balance the right of demonstration with the need to ensure access and proper order. I see the hon. Member for this House—the hon. Member for Cities of London and Westminster (Mr. Field)—in his place, and I hope that once the provision in the 2005 Act goes, we will be able to persuade Westminster city council to use its existing powers in byelaw to control noise.

Nowhere else in the country would tolerate such megaphone disruption. Leaving aside what the protestor says, because I am not bothered about that, I must say that the current situation can be very disruptive for people in the building. It is terrible for the police officers and other staff on the gate. The relevant powers already exist to deal with the matter, so I hope that Westminster city council will use them rather more assiduously than it has up to now.

Mr. Mark Field: The Secretary of State will, I am sure, appreciate that there is an issue not simply for Westminster city council: advice is taken from the Metropolitan police, and there are elements in the vicinity to which the ambit and rule of the Mayor of London also applies. However, I agree with the right hon. Gentleman: I personally feel that there is a right to protest within the vicinity, but the incessancy and volume of the noise is intolerable for those who work here, and for the residential population, who do not live too far away. I agree with him, but I should not want to water down the notion that there is some right, within what is an important part of the British constitutional make-up, to protest here. We need a balance, but I do not disagree with the right hon. Gentleman's view that the balance has gone too far in one direction.

Mr. Straw: May I just say, parenthetically, that I am one of the world's experts on the land ownership of Parliament square? When it was dug up in 1999 during the "Stop the City" demonstration, I was Home Secretary and the Met's police authority, and there were real problems about which part was owned by whom.

David Howarth *rose*—

Mr. Burns *rose*—

Mr. Straw: I shall give way just once, to the hon. Member for Cambridge, because I have already given way to the hon. Member for West Chelmsford.

David Howarth: I am rather worried by the Lord Chancellor's reply to the hon. Member for Hendon (Mr. Dismore). The point about schedule 4 is that it provides extra powers over and above those about public order, and as far I can see, it provides them for the purpose only of

"maintaining...access to and from the Palace of Westminster."

The Lord Chancellor has, however, talked about using those provisions—not the more general ones, but those provisions—for more general public order purposes, and the schedule should not be interpreted that way.

Mr. Straw: If I gave that impression, I did not mean to, because the schedule and its paving clauses exist to deal with access to and egress from Parliament.

Let me go on to deal with—

Mr. Burns: Will the right hon. Gentleman give way?

Mr. Straw: No. Will the hon. Gentleman excuse me? I have already been speaking for almost 45 minutes, and I need to stop.

Part 5 concerns human rights claims against the devolved Administrations in Northern Ireland and Wales. It has been introduced because the problem has been particularly acute in Scotland. Hon. Members will wonder why, therefore, Scotland is not mentioned in part 5, and that is because discussions are taking place with the Scottish Executive about the clauses, and relevant provisions will be brought forward in Committee.

The issue arises from the Law Lords' judgment in Somerville *v.* Scottish Ministers, which found that the one-year time limit for claims under the Human Rights Act 1998 did not read across to human rights claims brought under the Scotland Act 1998. The same applies to the Northern Ireland Act 1998 and to the Government of Wales Act 1998. With some exceptions, about which I do not think anybody argues, we will correct that point. I know that the news has been greatly welcomed in Scotland.

Part 6 deals with courts and tribunals, and it seeks to strengthen the independence of the judiciary and improve the appointments process.

Part 7 has important proposals for strengthening the independence and the role of the Comptroller and Auditor General—and the National Audit Office—as well as in respect of his appointment.

Part 8, which relates to the transparency of Government financial reporting to Parliament, refers to a point that was raised by my hon. Friend the Member for Southampton, Test (Dr. Whitehead) about how Government spending is reported to Parliament. At present, the spending of some quangos and non-departmental public bodies, and certain other central Government bodies, is included in the budget of the parent department, but not in the estimates or resource accounts. That can make for complications and make it more difficult for Parliament to exert its control over Supply, which is one of its principal functions. Part 8 permits the Treasury to issue directions on how Government Departments prepare estimates. It provides for the consolidation of spending by NDPBs and other central Government bodies into Supply estimates and departmental resource accounts.

Mr. David Drew (Stroud) (Lab/Co-op): Would not this proposal be more credible if we had the American system so that all Members who sit in this House also had to make financial declarations? That is standard practice in Congress and in the Senate. It is very important that this is not just about how Parliament reports itself but about how Members report their financial interests.

Mr. Straw: If my hon. Friend will forgive me, I do not want to follow him down that route. We have to make declarations of financial interest anyway. If he is proposing that we should have to make declarations of wealth, I would say that that should perhaps be referred to a special Committee of the House. The Bill is quite comprehensive, but I think, if he does not mind, that we would find ourselves slightly diverted if we went down that route. However, I am happy to discuss it with him.

The Bill also allows Welsh Ministers to include information relating to the use of resources by designated bodies in Wales.

Mr. Dismore: Will the Secretary of State give way?

Mr. Straw: No, I am afraid that I must make progress.

The Bill is before us at a time when it is perhaps more important than ever that we make every effort to restore trust in our constitutional settlement and in our political and parliamentary institutions. Building on the process of reform that this Government began in 1997, which *The Guardian* newspaper heralded as revolutionary, the Bill will increase the accountability and legitimacy of British democracy and better ensure that power lies where it should—with Parliament and the people. I commend the Bill to the House.

5.32 pm

Mr. Dominic Grieve (Beaconsfield) (Con): Let me begin by saying how much we welcome the fact that this Bill, for which we have been waiting for about two years, has finally arrived. I assure the House that we welcome many of its provisions, as the Lord Chancellor will have appreciated from the interventions that he received. I have to tell him, however, that its title rather belies the paucity of its content. I fear that it is unlikely to take its place as one of the great reforming Acts.

A little over two years ago, the Prime Minister, in his first speech to this House in that role, made a statement that was intended to define his vision as Prime Minister. I remember it very well. He promised us

"change in a spirit that takes us beyond parties and beyond partisanship…a new…constitutional settlement…a new relationship between citizens and Government",

and it was to start immediately:

"I can today make an immediate start".

What happened? Let us have a look at the areas where he pledged that immediate start—12 areas where the Government would surrender or limit their powers:

"the power of the Executive to declare war; the power to request the dissolution of Parliament; the power over recall of Parliament; the power of the Executive to ratify international treaties…the power to make key public appointments…the power to restrict parliamentary oversight of our intelligence services; power to choose bishops"

and

"judges; power to direct prosecutors in individual criminal cases; power over the civil service…and the Executive powers to determine the rules governing entitlement to passports and the granting of pardons."—[*Official Report*, 3 July 2007; Vol. 462, c. 815.]

According to my calculations, we are still waiting for the Government's proposals on war powers, dissolution, recall, the intelligence services, prosecutors, passports and pardons. Treaties, judges and the civil service are covered in the Bill.

Having set out the 12 priorities for immediate action promised to us by the Prime Minister in his grandiloquent phrases, we find that only two—on bishops and quangos—have actually been implemented. Having seen the recent behaviour of the Secretary of State for Children, Schools and Families in respect of the Children's Commissioner, we can probably fairly say that it is only one and a quarter or one and a half.

The Prime Minister went on, in what I am beginning to think was a moment of fantasy, to say that he had some big ideas. There were citizens juries—what happened to them? There was the statement of British values, which is the pet project of the Minister of State, the right hon. Member for North Swindon (Mr. Wills). I understand that a roadshow is about to start to do with that, but all I can say is that it looks like it will be a very slow road. One by one, the Prime Minister's initiatives have fallen by the wayside—British day, a national motto, citizenship ceremonies for school leavers, rewriting the national anthem. It is amazing how extensive and far-reaching it all was.

Mr. Straw: When did the Prime Minister talk about rewriting the national anthem?

Mr. Grieve: I remember that there was discussion, and I see that the Minister of State is talking to the Secretary of State about it. My distinct recollection is that there was talk about whether we might need a new national anthem that brought us all together.

The Minister of State, Ministry of Justice (Mr. Michael Wills): What is the source?

Mr. Grieve: I shall go away and check, and I will be quite prepared to admit it if I have got it wrong, but that is my recollection.

Mr. Wills: I do not want to interrupt the flow of the hon. and learned Gentleman's speech, but he must root it in facts. First, he should give us the source for this thing about the national anthem. Secondly, as he well knows, it is not a roadshow that we are embarked on in relation to a statement of values but properly mediated, deliberative events, to which he was invited. *[Interruption.]* Opposition Members may laugh, but such events are reputable and respected in the academic community and they are supported by all parties except the Conservative party. The hon. and learned Gentleman was invited to take part and refused. The events are under way, and he does not want to take part. That is a matter for him, but he should not accuse us of not doing something that we promised to do, because we are doing precisely what I have described.

Mr. Grieve: Yes, the Minister did invite me to take part. He rang me up and politely asked whether I would like to participate. I indicated that I did not wish to. He even asked me whether I would want to make a video clip that would be shown before the start of each roadshow explaining why people should not participate in it. I declined that politely, too. He then wrote me a rather extraordinary letter—I thought that our conversation was private at that time, not that I mind—setting out with considerable hysteria how dastardly of me it was not to wish to participate in the exercise. Be that as it may, I hope that he has an enjoyable time going around on this consultation process. It seems to me that if the number of his party's Back Benchers present this afternoon to consider this major piece of constitutional legislation is anything to go by, it does not have much mileage in it.

Meanwhile, confidence in our democracy drains away. The Prime Minister, who promised that Parliament would be given a say on the calling of a election, chose to cancel one in an interview with Andrew Marr. Then he skulked off to a Portuguese anteroom to break his manifesto undertaking on the European constitution, in the vain hope that by signing it when everybody else had left the building, nobody would notice what he was doing.

We then had a bizarre announcement, through the constitutional novelty of a YouTube video—I wondered at one stage whether that would be included in the Bill as a constitutional method of communication—that because some Members had broken the rules on parliamentary allowances, we could restore confidence by keeping the allowances and abolishing the rules. That idea did not last very long.

We also had an Opposition politician arrested on the back of grossly exaggerated claims by the Cabinet Office, and a disgraceful and vile campaign against Members of this House orchestrated from within the Prime Minister's office by Mr. McBride. I look forward to ensuring that the code of conduct on special advisers means that that never happens again. It is worth remembering that that story was leaked to a friendly journalist in an attempt to minimise the damage, but even when the details of the smear campaign became public, the Prime Minister's first response was not that of the Secretary of State—to say that something had to be done about this awful thing—but to keep his special adviser in post and defend him. I think that that was something to do with the Prime Minister's moral compass.

At every turn, therefore, there is a chasm between the Prime Minister's words and his actions. We have the National Democratic Renewal Council, but I am not sure what it does. Does it just sit and work out new headlines? One day the Prime Minister tells us that he will change the royal line of succession, but that is not in the Bill. He told the BBC that he is going to change the voting system, but that is not in the Bill either. Once the headline has been banked, it is left to the Secretary of State and Lord Chancellor to try to get him off the hook and kick most of the proposals into the long grass.

If any of the announcements had been serious—*[Interruption.]* Of course I will give way to the Secretary of State.

Mr. Straw: The whole of this is serious. My right hon. Friend the Minister of State will respond in detail to some of the hon. and learned Gentleman's points, but let us take, for example, the issue of war powers, which he mentioned. I was going to mention it in my speech, but as I had taken so many interventions and since it is not in the Bill, I decided not to do so. Just so the House can be informed—the hon. and learned Gentleman knows this very well—let me add that there was a serious debate in both Houses about whether provision on war powers, which everybody agrees ought to be exercised by this House, should be included in statute or would better be made by resolution. As it happens, I personally favoured putting the basic power in statute, although I was in a minority. Others took a different view, including the other place and the Committee of both Houses that examined the issue. It is therefore well known that we will deal with such matters by resolution. That measure is being drafted, and we aim to introduce it by the end of the year. What is wrong with that?

Mr. Grieve: I do not doubt the Secretary of State's sincerity. If I have been taking his comments in what I hope is a slightly light-hearted fashion, it is for the deliberate reason that we are a little way into the prime ministership of this Prime Minister, and it looks to me as if we are running out of time before the coming election for most of those extraordinary pledges to be implemented. When one looks at the promises that were made, in very specific terms, one is left with the impression that it was all just window dressing. That reflects very badly on how the Government conduct their business: it raises public expectations and they use grandiose phrases, but the mountain moves and out comes the mouse. That is all we have. The mouse may be beautiful and well formed, but a mouse it is nevertheless.

Mr. Straw: May I totally refute what the hon. and learned Gentleman says? Any single proposal, particularly one that has broad support and that is therefore not the subject of intense controversy, can be dismissed as prosaic, but the total adds up to something really significant.

The hon. and learned Gentleman cannot have it both ways. After my right hon. Friend the Prime Minister made his announcement, we did not introduce legislation and try to bounce it through the House, as we could have done within the first 12 months of his Administration. Instead, we set up a deliberative process which, above all, involved consulting the House and the other place. Not one or two but three separate Select Committees, including Joint Select Committees, have considered the matter, and I pay tribute to everybody in both Houses who did so. It is true that some time has elapsed, but the proposals in the Bill are better for it, and there is much more widespread agreement. That is the main reason why the Benches on both sides of the House are not packed—people believe that there is consensus across the Houses on the measure.

Mr. Grieve: I thank the Secretary of State. In tribute to him, it seems that he has injected a note of reality into the fantasy world that was being manufactured two years ago. Of course, some of those other measures may be in the Labour party manifesto for the next election, but that is not to say that that will not also be fantasy.

I do not want to take up too much of the House's time, so in respect in constitutional renewal, I simply make this point: I notice that the long title of the Bill omits the words "and for connected purposes". If I were a suspicious individual, I would think that the Justice Secretary had done that to prevent hon. Members from tabling amendments on wider constitutional issues. I am sure that he will tell me that I am completely wrong about that. Perhaps it was thought unnecessary given that, in the words of the constitutional expert Robert Hazell, the Bill is more a constitutional reform (miscellaneous provisions) Bill. That is where the whole thing has gone off the rails.

I shall highlight the measures that we support. They include the measures that would put the civil service on a statutory basis, although I agree with the Joint Committee that that would have been better dealt with in a short, stand-alone civil service Bill. We will consider how the proposals can be improved, especially in adding a duty to manage taxpayers' money to the civil service's core values.

Mr. David Blunkett (Sheffield, Brightside) (Lab): The hon. and learned Gentleman is making an entertaining speech, but it is short on the substance of what the Opposition actually believe in. In regard to the civil service and the renewal of commitments in the Bill, are he and his party definitely committed to the neutrality of the civil service?

Mr. Grieve: Of course we are. I have to say to the right hon. Gentleman that anxieties over the extent to which the neutrality of the civil service has been eroded over the past 13 years have been a persistent theme in this House for those of us participating in debates. That has centred on several issues, including what happened in the run-up to the Iraq war and the way in which dossiers prepared by civil servants for impartial distribution to this House appeared to have been tinkered with under political pressure. I could cite a large number of other examples.

Mr. Blunkett: Perhaps the hon. and learned Gentleman would reflect on the enthusiasm that the Opposition have for deliberate and, in some cases, encouraged leaks from the civil service.

Mr. Grieve: My impression is that the basic cause of leaks from the civil service has been the breakdown in trust between civil servants and Ministers about the accuracy of what Ministers say. It is apparent if one looks at how the civil service has operated for at least 100 years that Ministers took the rap for things that went wrong in their Departments—something that seems to have vanished almost entirely, as civil servants are hung out to dry while Ministers stay in office. That has probably had a very deleterious impact on civil service morale.

On several occasions, including some under the right hon. Gentleman's stewardship of the Home Office, civil servants have leaked information that diametrically challenged utterances by Ministers, who had been putting out material that was thoroughly misleading. Indeed, in some cases, ministerial careers have been ended on the back of that phenomenon.

Mr. Blunkett: The hon. Gentleman has really started to dig himself a hole. Can he name one such occurrence while I was Home Secretary?

Mr. Grieve: Well now, I have to be careful, because I admit that my memory may be at fault as to whether some of these incidents took place under the right hon. Gentleman's stewardship or that of his successor, and to that extent I am prepared for him to correct me. I seem to recollect the case of a civil servant based in Romania, who provided information about the way in which visas were being distributed that directly challenged what was said by Ministers in this House. That was a serious example of Ministers thoroughly misleading the public about what was going on.

Mr. Blunkett: The hon. Gentleman is right that that did happen in early 2004, and the Minister responsible resigned, even though the mistake was made by civil servants in the Department and another Department, not by her personally. He has underlined entirely the point that I was seeking to make. Ministers do not only take the rap, they take it for mistakes made by their own civil servants.

Mr. Grieve: The right hon. Gentleman is correct to say that the Minister resigned, but it took rather a lot of doing on the part of Opposition Members—and indeed Labour Members—to persuade her to do so. *[Interruption.]* One of my hon. Friends says from a sedentary position, "Kicking and screaming." That is what I, too, recall about the incident.

Mr. Dismore: Earlier, I made an intervention about nationality discrimination rules within the civil service. If new clauses were to be introduced, would the Conservative party support them in principle, bearing in mind that it has adopted that position in relation to my many attempts, made through private Members' legislation, to deal with the matter?

Mr. Grieve: I see no reason why we would not adopt an approach similar to that which we have taken previously. I have not considered that exact point, and I would need to look at the hon. Gentleman's amendments, but he might recall that—this is my recollection—we made a distinction between civil service roles that clearly require a nationality qualification, because they are sufficiently high-ranking or linked to security or defence, and those that do not. That seems to be a sensible way to proceed, and I look forward to seeing his amendments in due course.

Dr. Tony Wright: Will the hon. and learned Gentleman give way?

Mr. Grieve: I ought to make some progress, but I shall give way once more before moving on.

Dr. Wright: I seek some clarity about the theme raised by my right hon. Friend the Member for Sheffield, Brightside (Mr. Blunkett). The hon. and learned Gentleman will know that there is much alarm in Whitehall about some of the utterances from Conservative Front-Bench Members about their intentions for the civil service. In particular, it is believed that people are being told that business people will be imported, through political appointments, to give orders to civil servants. Will he say categorically that that is not the case?

Mr. Grieve: That is complete rubbish. The hon. Gentleman should be wary about listening to all the copy churned out by propaganda departments—in his own party, I suspect. His suggestion is ludicrous. In view of my earlier answer about the politicisation of the civil service, I hope that our proposals for the civil service will include ensuring its impartiality. Putting it under political direction or outside control clearly cannot achieve that.

On transparency, the Bill proposes only to reform Supply estimates. We think that there needs to be a fundamental shift in the transparency of government, and at our party conference we outlined a number of proposals to increase openness, including publishing online the salaries of the 35,000 most senior civil servants, job descriptions for quangos, and all central Government expenditure over £25,000. We would like the Bill to include such measures, and will return to them in Committee.

We support measures to require the consent of Parliament before the ratification of treaties, but I am concerned about provisions in the Bill that would allow the Government to avoid the new scrutiny requirements in undefined, exceptional circumstances. We will need some clarification of what those exceptional circumstances, which are so neatly tucked into the Bill, amount to. It is troubling that the Bill does not cover treaties that do not require formal ratification, other forms of international agreements such as memorandums of understanding, or even such things as prisoner transfer agreements. Although there might be arguments for that, I hope that in Committee we have an opportunity to consider carefully where the boundaries are drawn. Otherwise there might be much disappointment that many things that this House ought to be considering are not being considered.

The Government were elected on a false prospectus: they promised to put the Lisbon treaty to the British people.

Mr. Straw: We did not.

Mr. Grieve: I remember distinctly the Government telling us that they would put the Lisbon treaty to the British people.

Mr. Wills: It's your memory.

Mr. Grieve: I get ever more worried that we are moving into an Orwellian phase. I remember it as a distinct election pledge. Again, however, if the Secretary of State would like to write to me explaining why my suggestion—that that promise was made during the last election—is inaccurate, I will be only too happy to read the letter.

We support the repeal of restrictions on protests around Parliament. The right to protest is a fundamental part of our democracy, but that right needs to be balanced against the need to ensure th[illegible]Members, parliamentary staff, and above all the pu[illegible]ve access to this place. It is right, therefore, that the Bill ensures that protests can be regulated.

Mr. Straw *rose—*

Mr. Grieve: We are going back to the treaty. I am delighted to give way.

Mr. Straw: I am grateful to the hon. and learned Gentleman, because I did not think that my memory was playing tricks. We said in the manifesto—[Hon. Members: "Here we go!"] Well, I am reading it, in the interests of greater accuracy. After stating what the constitutional treaty will ensure, the manifesto reads:

"We will put it to the British people in a referendum and campaign...for a 'Yes' vote".

The Conservative party is trying to say otherwise, but there is a world of difference between that constitutional treaty, which hit the dust, and the Lisbon treaty. That latter is simply an amending treaty to existing treaties, and no different in character from Maastricht or its predecessors, which the Opposition never put to the British people when they were in power.

Mr. Grieve: I am sorry, but that piece of casuistry takes some beating—*[Interruption.]* It was casuistry! First, I remember the Government telling us, when those utterances were made, that the constitutional treaty was no more than another Maastricht. In fact, as the Secretary of State well knows, the Lisbon treaty is, in almost all its particulars, identical to the constitutional treaty abandoned after the French referendum. For those reasons, the public know very well that they were given a promise and that it was reneged upon. That highlights the difficulty with such legislation. How can people have any confidence that procedures of any sort will not be abused by Ministers who break fundamental pledges that appear to be made in manifestos?

Mr. Drew: For clarity, will the hon. and learned Gentleman commit his Front-Bench colleagues to a referendum on the Lisbon treaty?

Mr. Grieve: We have made it absolutely clear that if there is an opportunity to have a referendum on the Lisbon treaty before ratification, we will do it. The

Government promised to have a referendum on the Lisbon treaty not after, but before ratification. I hope very much that we can honour the pledge that the Government will have broken.

We support measures to remove the Prime Minister from the process of appointing judges, and magistrates from the very complex processes of the Judicial Appointments Commission. That seems to be a step in the right direction. I also say to the Secretary of State that I look forward to the review of the operation of the commission, and whether a simplified process could be provided. I listened very carefully to what he had to say about that. As I think he knows, he will have our interest and co-operation—in so far as we can clearly maintain judicial independence—if there are ways of improving the existing system.

We support measures to reform the National Audit Office and to amend Government accounts. However, with the Prime Minister's once golden rules not just broken but shattered, surely the real problem lies not in disjunctions between departmental expenditure limits and resource accounts, but goes much deeper; it is one of fiscal credibility. That is why we propose an independent office of budgetary oversight to oversee compliance in connection with the Government's economic promises.

Then we come to the House of Lords. Just to make our position clear—yet again—the Conservative party supports the creation of a predominantly elected House of Lords. But there is nothing about that in the Bill. It contains two measures that will fundamentally change the nature of the House of Lords, without making it one ounce more democratic. First, the Justice Secretary wants to remove the remaining hereditary peers. The Government agreed to the retention of the hereditaries as a mark of their good faith—good faith creeps into consideration of the Bill quite a lot—that further reform to put the House of Lords on a democratic footing would follow. It was said at the time that if those hereditary peers went, real reform would never happen—and it has not. As the late Member for Livingston, Robin Cook, said, all that has been achieved so far is to replace a 15th-century principle of hereditary peers with an 18th-century principle of patronage.

The Justice Secretary has made democratic reform of the House of Lords a fourth-term issue—something else for Labour's manifesto. He promises a Bill on the House of Lords, which he says is imminent, so why is he trying to remove the remaining hereditaries in today's Bill, before that Bill is published?

Sir Alan Beith: I wonder whether the hon. and learned Gentleman could clarify the confusing Conservative position on that point. There are increasing indications that if there was a Conservative Government, people would be appointed to the House of Lords so that they could become Ministers, albeit perhaps temporarily, as suggested by the hon. Member for Chichester (Mr. Tyrie). Why is that step being resorted to if the Conservatives' clear intention is to legislate immediately on reform of the House of Lords? I suspect that it is not their intention.

Mr. Grieve: Taking the cue from the Secretary of State, on a point that I thought was one of his more valid ones, let me say to the right hon. Gentleman that Parliament does not legislate in a day.

David Howarth: Yes it does.

Mr. Grieve: Well, Parliament can legislate in a day; the hon. Gentleman is absolutely right to pick me up on that. How many times have we legislated in a day, and always regretted it bitterly afterwards? We have usually regretted it most bitterly when we have all agreed on something. I still remember a dreadful piece of legislation that we passed after the Omagh bombing; fortunately I was able to get leave of absence to disappear and not support my party. That was a dreadful piece of legislation, but everybody signed up to it and it went through in one day. However, wisdom suggests that we should not legislate in a day.

Reality also says that were we to be elected to government, we would have considerable problems in respect of our representation in the House of Lords, as would other parties, because of the age profile of our party's membership and because of the paucity of appointments that have been made available to us over recent years. Those are factors that we cannot ignore. For those reasons we would have to make the House of Lords operate. I hope that that answers the question asked by the right hon. Member for Berwick-upon-Tweed (Sir Alan Beith).

Mr. Straw: Let me press the hon. and learned Gentleman on the right hon. Gentleman's point. All three parties are signed up to reform of the House of Lords, to put it on a wholly or mainly elected basis. The hon. and learned Gentleman just repeated that pledge. Will it be a pledge that any future Conservative Administration would implement in their first term, bearing in mind that the legislation would be pretty straightforward? [Hon. Members: "You're on your fourth."] What we have achieved since February 2007 is a clear consensus and lots of complicated detail, which were not there before. Now that the hon. and learned Gentleman has the template, will he implement it?

Mr. Grieve: We have made our commitment and made it quite clear. The order in which we decide to prioritise legislation if we win an election is a matter for my right hon. Friend the Leader of the Opposition, particularly in view of the economic mess that we are going to inherit. Yet again, the Secretary of State is descending into a series of nitpicking issues—

Mr. Straw *indicated dissent.*

Mr. Grieve: If I may say so, it is nitpicking, particularly coming from the Secretary of State, given the Government's consistent pledge over a long period to get rid of the existing House of Lords and complete its reform, and their not having completed it, or even started its completion. I am prepared to take lessons from some quarters, but on this issue I am not prepared to take them from the Secretary of State.

Of course the remaining hereditaries are an anomaly, and of course they are undemocratic. I accept all that, but they are no less democratic than the appointees who will replace them. Furthermore, why are there measures in the Bill to allow peers to resign or retire? Are those measures intended for the reformed House or are they supposed to cover the transitional House, or are they for the halfway house that we have at the moment?

[Mr. Grieve]

Remove the anomaly—that is, the hereditaries—and the prospect of reform will recede. Only last year, the Prime Minister said that there would be no by-elections among hereditary peers during the transition to the fully reformed second Chamber, but that transition has not yet begun. Only last year, he said that he would avoid gratuitously cutting the Conservative party's representation in the House of Lords, but now that stance is being reversed. As I have explained, although Conservatives are only the third largest grouping in the House of Lords, more hereditaries are Conservative than belong to any other party.

The Prime Minister's naked partisanship in those utterances is laid bare for everyone to see. The proposals are not about making the upper House more democratic or more representative, but about shifting the party balance still further in favour of the governing party. Frankly, that is a pretty dangerous and unwelcome precedent, but one that ties in with the entire way in which the Prime Minister has treated Opposition parties over the House of Lords since he took office.

This is a question of trust. The Secretary of State's predecessor Lord Irvine made a promise—I remind him of this, as he referred to Lord Salisbury and all those great moments in the first Parliament after 1997. What did Lord Irvine say? He talked about

"a compromise...between Privy Councillors on Privy Council terms and binding in honour on all those who have come to give it their assent."—[*Official Report, House of Lords*, 30 March 1999; Vol. 599, c. 207.]

One of the people who participated in that assenting process, as it were, was the Secretary of State for Justice. He was one of the Privy Counsellors who gave his assent to that compromise, and so was the Prime Minister.

The Prime Minister has broken his promise on the Lisbon treaty and now I think that he proposes to break another promise. I therefore ask the Secretary of State again: why should we see the proposals as a way of restoring public trust in the political system? I want proper reform, but the relevant clauses make this less likely, not more likely. For that reason, we will oppose the measure to prevent hereditary peers from being elected.

I do not want to see life peers in this House either. The Secretary of State is right that under the Peerage Act 1963, peers who swiftly choose to forgo a hereditary peerage should be free to stand for election to this House, just as it is right that peers who were removed in 1999 should now be free to seek election here. If Parliament allows the House of Lords to expel Members for misconduct, they too should be free to argue their case in public and, indeed, stand for election to this House, because their peerages will effectively have been removed.

However, the position is very different for those who have chosen to accept a life peerage in the full understanding that they will forgo the opportunity of standing for, or for that matter returning to, the House of Commons. In a reformed House of Lords, that would lead to that House becoming a stepping stone to a career as an MP—and in an unreformed House, it would put the Prime Minister in charge of that stepping stone and vastly increase his patronage. That step would turn the House of Lords into the departure lounge for special advisers.

Yet again the Justice Secretary, who as I recollect went from arch-Blairite to the present Prime Minister's campaign manager, finds that the tectonic plates are shifting, when suddenly such proposals come up. I suspect that whichever way he looks is uncomfortable: one way lies Foy in the county of Herefordshire and the other way Hartlepool in the county of Durham. So let me make it easier for him. We will table an amendment to give effect to the Government's policy on the issue. I look forward to the Secretary of State, and perhaps even the Minister of State, joining us in the Lobby on that.

In his White Paper last year, the Justice Secretary proposed a cooling-off period of five years between someone ceasing their membership of the second Chamber and their being eligible for election to the House of Commons. That would prevent membership of the second Chamber from being used as an immediate launch pad for a career as an MP. We support the Justice Secretary's policy on that, although his Cabinet colleagues do not seem to be very enthusiastic.

There is much in the Bill that we can support, but what we have is trimmings and not very much meat. What is missing is genuine constitutional reform and the transfer of power to the people, so let me make some suggestions of what the Justice Secretary should add to the Bill. My right hon. Friend the Leader of the Opposition has laid out a series of proposals that would really change the relationship between citizen and state. If the Justice Secretary is serious, he will follow our lead and introduce citizens' initiatives and a right for local residents to veto excessive council tax rises, allow 100,000 voters to demand a debate in this place on any issue, let 1 million citizens table legislation in Parliament, and introduce a public reading stage for Bills.

The Justice Secretary could follow our lead and let local communities elect police commissioners or give voters the right to recall their MP where serious misconduct has taken place, regardless of any penalty imposed in the House. If he really wants to improve the audit of Government accounts, he might like to start by publishing every item of Government spending over £25,000. He would be amazed at the number of people who would spend hours trawling through those accounts to supply their MPs with ammunition with which to ask questions. And if he is serious about public engagement, will he follow our lead and ensure that any treaty to increase the powers of the European Union will be subject to that referendum?

The British public have had plenty of broken promises from this Government. They certainly want reform. The evidence from opinion polling shows that this place is held in very poor estimation generally, and that there is a deep desire to see our legislature function properly and for confidence in the way in which government is conducted to be restored. We will give the Bill its Second Reading, but if the Secretary of State thinks that these measures alone will restore that trust, I have to say to him that he is deluded. That is not something that I would ever say of him, however, because I think that he knows the reality very well. He knows that, at the moment, our political system is broken up, and that this Bill does not begin to scratch the surface of the change required—because I am afraid that the Prime Minister will not let him do that.

6.10 pm

Dr. Tony Wright (Cannock Chase) (Lab): I was interested to hear my right hon. Friend the Secretary of State begin his speech by telling us that Her Majesty was pleased to allow the House to consider the prerogative powers, as it will do in parts of the Bill. I was interested, too, to see that just a few days ago, the Government issued a paper called "Review of the executive royal prerogative powers: final report". The Select Committee that I chair asked for that report in 2004, and it is good at last to have a comprehensive account of what we think those prerogative powers are. It gives us an agenda for much work. At the end of that interesting paper, we find this sentence:

> "Our constitution has developed organically over many centuries and change should not be proposed for change's sake."

That sentiment is often echoed throughout our political tradition across the House, but we have only to say it to ask ourselves whether it is true.

It is certainly true that, for the past three centuries or so, we have not had what we might call a great constitutional moment. We have not had a moment when we have had to consider what kind of system of government we would like. We have been spared the kind of revolutionary moment, or moment of foreign occupation, that necessitates constitutional moments in which that process has to take place. So, as is often observed, we have more or less muddled along, making it up as we go along. We have taken what is sometimes called a back-of-an-envelope approach to constitutional matters.

I am not sure, however, that the process has been quite as organic as that sentence in the report suggests. We have had some pretty inorganic moments, too. I do not think that the vote to get suffrage for working men was an organic moment. That involved a pretty titanic struggle against the people who said that our constitutional system would collapse if we went down that route. I do not think that the struggle to extend the franchise to women was an organic moment, given that people said that our constitutional system would collapse if we did anything so dangerous. Nor do I think that the struggle against the House of Lords to assert the supremacy of this House at the beginning of the 20th century was an organic moment. That involved a pretty vigorous constitutional struggle to assert a new primacy in our political system. So we should not get too carried away with the idea of an untroubled organic process. There are moments when we have to do things that change the balance of the system, and that usually requires significant political action.

I am not going to claim for an instant that this Bill represents such a moment. Seen from a broader perspective and taken in the round, however, the measures that the Government have taken since 1997 represent an extremely important constitutional moment. I am not going to recite them—my right hon. Friend mentioned most of them—but there is no doubt that, over this period, something very important has happened to our established constitutional arrangements. I do not think that that has been part of a grand plan, or that there has necessarily been a consistent sense of direction, but there have been some important achievements.

The reason we are having all the troubles with our expenses at the moment is that we introduced a Freedom of Information Act. As long as we had no such provision, we thought that we could do things in secret. The introduction of the Act has had a transforming effect on our whole political culture, and, indeed, on the way we do business in this House. Some might say, "That is not a very good thing; look at the consequences." Had we had such legislation in place, however, the trouble that we are now in would never have happened. If we had had the complete transparency over our expenses that freedom of information brings, and if we had known that we had to submit our expenses to the scrutiny of our electors and everyone else, the difficulties and abuses that we have seen would not have taken place.

In area after area, we can see how these important changes have altered the way in which government is organised in this country, and the way in which we do politics. There will be a lasting imprint from this period. People will look back on it as a moment of significant constitutional change. The implications of the Human Rights Act 1998, for example, are transforming—so transforming, in fact, that the Opposition would like us to have another one. Indeed, perhaps the Government would, too.

The most remarkable thing about all this constitutional reform is how it has become accepted and settled—even provisions that were strongly contested at the time. I remember John Major, when he was Prime Minister, predicting that the House would come down if we moved in the direction of serious devolution. It was a political necessity, however; the system had to respond to the pressures, particularly from Scotland. This has changed the way in which we do politics.

It is remarkable that no one now seriously wants to undo what has been done. No one is queuing up to say, "Let's sweep away the Freedom of Information Act", "Let's sweep away devolution", or "Let's sweep away the independence of our national statistics." All these things are now an accepted part of our political arrangements, and they are all for the good. Not even the Conservative party, in its more esoteric moments, has suggested that any of these measures should be unravelled. We should therefore at least mark the fact that, although the Bill itself might not be momentous or represent our great constitutional moment, it forms part of a significant constitutional journey over the past 12 years.

Kelvin Hopkins (Luton, North) (Lab): Yet again, my hon. Friend is making an intelligent, interesting speech, and everything that he says is absolutely right. However, the key development in recent decades—not just under this Labour Government—has been an intensification of power at the centre, relative to the legislature. That is what is wrong with our politics, and that is what we have to change. The Bill ought to be addressing that, and I hope that he will say something about it.

Dr. Wright: My hon. Friend tempts me to go wider than I am already going, and I think that I am going quite wide enough. Some little plans are being hatched to do something else about the balance between Parliament and the Executive, however, and I hope to be able to say more about them in the near future.

Against that background, I want to extend a particular welcome for what I take to be the central part of the Bill. It is an issue that I have been engaged with for as long as I can remember—probably too long—which is

[Dr. Tony Wright]

to try to put the civil service on a statutory basis. The Committee that I chair produced its own Bill to do so in 2004. I think that was the first time in the modern period that a Select Committee has produced its own Bill. We did so because we had become frustrated by our inability to make progress on the issue. It was something that had been much promised, but never delivered.

Everyone had accepted the arguments for putting the civil service on a statutory basis. They grew out of Northcote-Trevelyan and it was viewed as an anomaly that this had not already happened. Northcote-Trevelyan had suggested that we needed only a few clauses to do it, but those few clauses never seemed to be put in place. I read my way through all the debates on the issue under the last Conservative Government, when the old Treasury and Civil Service Committee used to recommend that this should be done. The argument then was, "Well, we think this may be a good idea in principle, but we have worries about doing it." Some of those worries were very proper ones: it was said that the change should not be done in a way that would become a source of controversy between the parties and that it should be done only if political consensus could be gained. It was in the same spirit that the civil service itself approached these issues. It wanted this done, but it wanted an assurance that it would be done in a spirit of political consensus.

I take some pleasure in the fact that, after all this time, we have now reached a point where this can safely be done for the civil service. We can safely do it on the basis of genuine consensus across the parties. What we are doing is something that everyone understands we ought to do, which is to try to define what we think the core values of our civil service are and to put them into statute, as we have done with other things. Secondly, we need to put into statute the core institutional machinery necessary to ensure that those values are delivered. That is the key point about the Civil Service Commission.

This may not seem to be an exciting moment—indeed, it may seem a prosaic moment in the scheme of things—but it is constitutionally an extremely important moment. I very much want this Government to have this reform as one item on the long list of actions they have taken to change the operation of government in this country. With a bit of luck and a fair wind, they will achieve that. That is my main welcome for the Bill.

Let me share another rather general thought, which is that I do not know whether we are approaching a time that could be described as a serious constitutional moment—one in which we want to examine in a more fundamental way how we are governed—but I doubt whether we can go on for ever simply making it up as we go along. I shall not resort to the cliché that every disaster is an opportunity, but there is perhaps a moment that arises out of the catastrophe that has overwhelmed this institution of Parliament, which has got people to begin to think, talk and discuss how they want to be governed—whether they are governed in a satisfactory way and whether it can be improved. Such a discussion is happening on a number of fronts.

Shortly after I entered the House, I remember trying to introduce a Bill on fixed-term Parliaments, but I could not get a hearing for that proposition. Another prerogative power was involved; I recall being much taken by the fact that I had to write to the Palace to get permission to introduce a ten-minute Bill on fixed-term Parliaments. Now, however, it is becoming accepted that it is right to move in the direction of having fixed-term Parliaments. It is increasingly viewed as absurd that nearly every other Parliament operates to some fixed cycle, but our Parliament does not.

The argument that we need to examine our electoral system is being heard with greater force now—and not necessarily for the old reasons. Arguments about strict proportionality or the mathematics of voting are less relevant; the important thing now is that the electorate has changed. The first-past-the-post system, with all its rough edges, did not matter very much when, on the whole, there were defined blocks in the electorate that delivered their votes for parties and took their turn now and again. The electorate is not like that now; it is far more differentiated and variegated. Governments may be elected now on the basis of a very small minority of the vote and yet enjoy all the power that is accorded to Governments in this country. At some point, we have simply got to address that issue because when our circumstances change, we have to revisit our arrangements.

Beyond all that, I hear a developing argument these days that asks whether we need to revisit some of the fundamentals of our governing arrangements. There is far more interest now in whether we should begin to separate out more clearly the Executive functions from the legislative ones. It was interesting to see recently that a former Cabinet Secretary, Lord Turnbull, had written an article in the *Financial Times* advocating the separation of powers as the only way he thought we could get the skills that we needed into government and also provide the sort of parliamentary scrutiny that was needed. The fusion of power in our system is damaging on the one side, but also damaging on the other side.

It is interesting to see that even Prime Ministers nowadays want to push out the boundaries by bringing more people in from outside. We have heard in exchanges this afternoon about proposals to bring people into government who may not have to be members of either House of Parliament or even to be elected. It is suggested that such people can come and be Ministers for a while. It may be a good idea. The Committee I chair is looking at some of these proposals at the moment, but if we go down that route, we have to think it through. If we are changing the nature of the Executive, we may want to change the nature of Parliament, including its scrutiny function. The principle should be that strong Government, which is what we all say we have had in this country—and in many respects, we have—has to be matched by strong accountability, but we have not seen that.

My conclusion from all this is that interesting discussion and argument is going on about the very nature of our system of government. My view is that we need some mechanism to carry all this forward. When the Government came to power in 1997, instead of simply working through our shopping list of reforms, we should have had something like a constitutional commission, which could have looked at all the parts of the argument in the round, ensuring that one bit was consistent with another, while also providing a reservoir of expertise on constitutional matters. It could even have engaged the public—an issue I feel even more strongly about now.

It is no good simply having discussions or putting forward ideas about how the system could change; if we are approaching a constitutional moment, we must have a mechanism to carry it forward that engages the public, too. I would favour something like a democracy commission. I know that we are busy abolishing every body in sight at the moment, but we need a place in our system—other countries have it—where we can think about the nature of our governing arrangements on a continuing basis. If we find ourselves arriving at a moment when we will have to make some big constitutional choices, we would then have some means of doing so.

6.29 pm

David Howarth (Cambridge) (LD): I agree with the vast majority of what the hon. Member for Cannock Chase (Dr. Wright) has just said—except for one thing. I think that we are already in a constitutional moment and that the current crisis is very serious, requiring a better reaction now than this Bill. I am afraid that it is inadequate to the present circumstances. There is nothing in it specifically bad or obnoxious, but nearly all of it needs improvement—some of it radically. What is really wrong with the Bill, however, is what it does not do and its lack of ambition, given the size of the problem. As the hon. Member for Cannock Chase pointed out, it does nothing to change the system of election to the House of Commons, which is not just corrupt and unfair but, as the hon. Gentleman began to explain, politically disastrous. It fails to get rid of the undemocratic absurdity of a wholly unelected second Chamber—a House of patronage—and, as the hon. Member for Luton, North (Kelvin Hopkins) said in an intervention, it fails to do anything about the extreme centralisation of power in this country, which still remains after the devolution settlement. It fails to do anything to prevent big money control of our politics, and it even fails to remove the possibility of political interference in the criminal justice system.

There is a real crisis in British politics, but although all of us in the House know about it on a personal level, we do very little about it. It is a crisis of confidence in politics that threatens the cultural basis of democracy itself. Extremist parties are attracting support, and cynicism about politics and the people in politics is rife. I believe that confidence in Members of the House of Commons is now down to 14 per cent. The media are the only real political power in the land, but the media's own commercial difficulties mean that they use that power for increasingly shallow populist ends.

Over the past few weeks, I have been wondering whether the position is even worse than that. We live in a society that is obsessed with celebrity, and what we now see is the growth of an expectation that politics is, or should become, a kind of celebrity activity. We are seeing celebrity candidates for public office, not only in the United States but here. We are seeing TV celebrities elevated to ministerial office and places in the House of Lords. We are seeing political innovations, proposed or already in place, which, while they may appear superficially attractive, are in danger of turning into concessions to celebrity politics. Primaries, I believe, involve that danger; leaders' debates involve that danger; and elected mayors involve that danger—although I should perhaps add that the newly elected mayor of Bedford won his place without being a celebrity.

The serious question is, are we allowing a new system of government to develop out of the constitutional moment in which we find ourselves? Does the system that we are allowing constitute a kind of rule by the famous? The new system needs a name, and were we to give it a name it would be not a democracy but a doxocracy: the rule of celebrity. A new and urgent constitutional question about which the Bill does nothing is what we should do about that form of politics. One view is that we should simply go with the flow, give in to the celebrity politics that is developing and institutionalise its elements, such as primaries; but I believe that that will not end well. The sheer superficiality of celebrity politics will lead in the end not to greater engagement as its proposers hope, but to disappointment and to even more cynicism.

Mr. Drew: I am sure that, like me, the hon. Gentleman regularly visits schools, and that, like me, he is pleasantly surprised at how interested young people are in politics—not party politics, perhaps, but issue-based politics. What they always tell me is that they have a thirst for knowledge: they want to know more about what we do in Parliament, and about what Government do. Does the hon. Gentleman agree that that is where we fail absolutely in this country? We have not engaged in real citizenship education at all.

David Howarth: I do agree, but that is a consequence of the great boundary that we have developed between people in politics and people not in politics. I believe that the position will become worse if we follow the celebrity politics route, along with the assumption that being in politics means having to be a different kind of person from everyone else.

The hon. Member for Cannock Chase mentioned the expenses crisis. I think that we need to mention it, but one of the aspects of it that strike me as dangerous is that, just as celebrities in show business are expected to have some kind of physical perfection, political leaders are now increasingly expected to have moral perfection, and that is simply impossible. We are not gods; we are only people. In both forms of celebrity, we have developed a form of airbrushing. Photographs of celebrities are airbrushed, and before freedom of information we airbrushed what we were doing here. Exposure of that has, I believe, been fundamentally damaging. The alternative approach is to reject the whole idea rather than going along with it, and to aim to tear down the barrier that I see developing between politics and people outside politics. That is a difficult route, however, because it is one that the media would automatically oppose.

Mr. Straw: I am following the hon. Gentleman's interesting speech carefully. I do not think that he meant that the exposure of expenses itself had been damaging. It is what has been exposed that has been damaging. I share, as I am sure he does, the view of my hon. Friend the Member for Cannock Chase (Dr. Wright) that, although this has been a very difficult period, we could not go on as we were.

David Howarth: I thank the Secretary of State for correcting me. What I meant was that we had been airbrushing the situation and that that had been exposed, quite rightly. We should not have been airbrushing it along the way.

[David Howarth]

What we need to do is think about how to persuade more people to participate in politics in order to break down the barrier—not just in the sense of having their views heard, although that is very important, but in the full sense of having responsibility for decisions and taking part in them. That means a decentralisation of power far more radical than what we have taken on so far. It also means putting barriers in the way of those who wish to control politics through money, which is incompatible with a democracy in which many people take part on an equal basis; and yes, it does mean representative bodies that reflect the political views of the people who are represented. The Bill does not address that either.

The hon. Member for Cannock Chase was right to mention electoral reform, which is central to change in politics and, in particular, to the changing relationship between people in politics and people outside politics. A House of Commons that simply does not reflect the political views of the population will never command much respect. We have involved ourselves in the idea that the only purpose of a general election is to choose a Government. According to current doctrine, a general election is not about reflecting the political views of the public. The trouble with that view is that it loses all credibility when the winning party wins barely over a third of the votes. When the supporters of the Government are outnumbered by nearly two to one, it is not surprising that the Government are unpopular from the day on which they take office, remain unpopular after that, and are seen by the population as being alien to their own political views. We have to move away from the present system.

It is said that first past the post at least allows us to get rid of the rascals, but there is a fundamental problem with that. It allows us to get rid of an individual rascal, but only by voting for a party with which we may fundamentally disagree. The cry "Throw the rascals out" therefore cannot work simultaneously for individuals and for parties. The system fails because it is trying to do too much at once.

We also need to get rid of the idea of safe seats, because it is safe seats that lead us down the path to iniquity. We need competition, but we need a system that allows competition and allows the number of safe seats to be reduced, but does not allow us to give up the idea of the proportionality of the entire electoral system to public views. There is such a system: the single transferable vote multi-Member seat system. It puts power in the hands of voters, not party machines. Interestingly, in Ireland 40 per cent. of Teachda Dalas who lose their seats lose them not to members of other parties but to members of their own party. The whole point of that system is that it is possible to throw out individual rascals while retaining general proportionality and support for parties.

Mr. Ronnie Campbell (Blyth Valley) (Lab): Is the hon. Gentleman suggesting that there should not be a constituency element to the role of a Member of Parliament?

David Howarth: The STV system retains the constituency element; it just has larger constituencies. They would be about the same size as American congressional districts, or perhaps even a little smaller.

Mr. Straw: Does the hon. Gentleman think that the Irish system of proportional representation has produced better government—better economic management and less corruption—than in the United Kingdom?

David Howarth: Until very recently it has certainly produced better economic management. As for the recent catastrophes, as someone once said, it is not a good idea to decide precedence between a louse and a flea.

Mr. Straw: Will the hon. Gentleman give way?

David Howarth: I do not think it is a good idea to discuss this in detail now as the jury is still out. *[Interruption.]* Yes, the Speaker of the Dail is probably not the best person to talk about in these circumstances.

It is noteworthy that in the Bill the Government have completely ignored all the problems to which I refer and fail to engage in the debate. The Government's own proposals on reform of the electoral system of the Commons are mysteriously absent from the Bill. There was a proposal, which the Secretary of State has discussed, for the possibility of recall of existing Members of Parliament—a proposal that the Government stole from us. That proposal is not in the Bill. The Secretary of State has explained that it is very difficult to think about and that it will take some time. I do not think it is particularly difficult, however, and I believe we can get a move on with it if there is sufficient will and open discussion among the parties.

The Prime Minister recently put forward the proposal to hold a referendum in the next Parliament on moving to the alternative vote system, but that too is not in the Bill. The AV system is not a wholly proportional one. It can produce some rather eccentric results, but at least it is a preferential system, so from my party's point of view it is arguably a step in the right direction. The question the Government must answer is why that is not in the Bill. It is not a complicated system for them to design. I just put this thought to the Government: if provision in this Bill for a referendum in, let us say, autumn 2010 were to pass into law, it would be very difficult indeed for an incoming Government of any other party to repeal it in time to stop it happening, so why do the Government not include such provision now in this Bill?

The position in terms of the House of Lords is similar. If the Secretary of State is right—which I think he is—that Members in all parts of the House accept that we should move to a predominantly, or, as we would prefer, a wholly, elected Chamber, why do we have to wait until the general election to make a start on that? The Secretary of State says we need all parties to put that proposal in their manifesto as that is needed to overwhelm, in some kind of argumentative way, the obstruction of those in the other place who do not wish there to be any change. I cannot see how that is so. They already know the positions of the parties. They all know what will happen at the next election. It is inevitable that there will be the result that the Secretary of State talks about, so what is the point in waiting? Why do we not now try—we might not succeed—to include in this Bill a move to a more democratic, or a wholly democratic, House of Lords, which an incoming Government from another party would find very difficult to repeal? We have heard, however, remarks from Conservative Members

that imply a certain amount of delay. I think we should be acting now, in this Bill, to make sure that such delay is not effective.

Mr. Philip Dunne (Ludlow) (Con): The hon. Gentleman is ranging widely on the omissions from the Bill. Does he agree that another omission is the failure to overcome the lack of fairness shown to British citizens who vote when they happen to be living, either temporarily or permanently, overseas? We are now one of only four countries in the whole European Union that have restrictive rights that disfranchise millions of our citizens overseas. Should not those people be taken care of in this constitutional reform Bill?

David Howarth: I would not argue as broadly as the hon. Gentleman does, and this might not be the right Bill in which to address that issue, but I think there is a problem, especially in terms of British citizens who work for international organisations, who seem to be discriminated against in an unfortunate way.

Mr. Wills: I wish to pick up on a couple of specific points. We are well aware that there is a specific problem for British citizens who work for international organisations. We are looking at it, and we hope to be able to make some significant progress. It is quite complicated, however, not least because given the vast number of such organisations, there are issues about whether they should all be included. I accept that there is an issue, however, and we are considering it.

Turning to the point made by the hon. Member for Ludlow (Mr. Dunne), he will know that the House has regularly looked at the voting restrictions placed on British citizens who choose to live overseas. Of course most of them are able to vote in this country, but if they stay outside the country for longer than a specified time, restrictions apply, as they do elsewhere as well. The hon. Gentleman therefore has not quite got that right, and I shall write to him to correct his misunderstanding.

David Howarth: I thank the Minister for that intervention, and especially for his initial comments, which amount to considerable progress on an important issue.

Let me make one final remark on the House of Lords. I would not want an opportunity for real progress to be thrown away because the Secretary of State is inherently conservative and the Conservative party is hesitant and wants to impose a first-past-the-post electoral system on any future elected House of Lords. That would be a disaster given that we could be making real progress.

There is an enormous amount to do in terms of the centralisation of power, but for now will the Government not at least commit to some small concessions? One thing they could do is implement the original intention of the Sustainable Communities Act 2007, which was that local government would be able to require central Government to declare what central Government spend in a local area so that negotiations can then take place on what should be done with that money. I gather that what is currently happening is that central Government interpret that Act as meaning only that central Government tell local government what local government are already spending, which of course completely undermines the whole process. Cannot the Government simply reverse their control-freak stance—which they revealed yet again last week—on the internal governance of local authorities which forces them to choose between a limited range of unsuitable Whitehall-based Government structures?

The draft Bill included extensive provisions on removing the power of the Attorney-General to control decisions about particular cases—about whether a particular person should be prosecuted or not. In my view, it made unacceptable exceptions to that idea by talking about a national security exemption, but even this limited concession has now disappeared entirely from the Bill before the House tonight.

The Secretary of State has not really explained what has happened. The current situation is entirely unacceptable, and I notice that the Parliamentary Assembly of the Council of Europe is now of a similar view. It is unacceptable for a Government Minister—a politician—to have the power to undermine the prosecution of, or even to decide to prosecute, individuals in particular cases. We all know about the controversy regarding the BAE Systems case and so on, but I do not want to discuss individual cases; I just want to talk about the principle of whether a Minister should have that sort of power. The hon. Member for Cannock Chase mentioned the separation of powers, and this seems to me the most obvious instance where the principle of the separation of powers is being violated. Such decisions should be exclusively for professional prosecutors.

Mr. Straw: The hon. Gentleman raises an important issue, which I have always seen as one of fine judgment and balance. We asked both Houses to establish a Joint Committee on this Bill—that was in addition to the specific investigations being carried out by the Select Committee on Justice, the Public Administration Committee and others. The Joint Committee on the Draft Constitutional Renewal Bill, which involved both Houses and all parties, concluded that the legal and political role should be retained for the Attorney-General. It also said:

> "Given our conclusions in Chapter 3, we question whether there is a need for legislation in respect of the Attorney."

I accept that we must keep this matter under review, but I hope that the hon. Gentleman will at least accept that the reason why what was included in the original draft Bill is not included in this Bill is that we accepted a recommendation from the Joint Committee.

David Howarth: The Joint Committee was far from unanimous on that point, and the Justice Committee report clearly went the other way.

Mr. Tyrie: As a matter of fact, what the hon. Gentleman said is a big understatement. The Joint Committee had to produce a minority report, making it clear that a sizeable proportion of its members agreed with the reports produced both by the Select Committee on Constitutional Affairs and the Justice Committee. They both concluded that the current arrangements for the Attorney-General, whereby he has both a political and a prosecuting role, are unsustainable.

David Howarth: I am grateful for the hon. Gentleman's intervention, because that is precisely what has happened. I do not think we should give way to a Joint Committee

[David Howarth]

report that is plainly more reactionary than the centre of gravity of opinion in this House. It is possible to design arrangements so that there is a supervising Minister who has some say in overall policy on prosecution, but the idea that individual cases can be influenced by Ministers strikes me as being beyond the pale.

Let us consider the civil service aspects of the Bill, on which, like the Conservatives' spokesperson and the hon. Member for Cannock Chase, I welcome the basic principle. There is, however, a minimalist feel to the way in which the idea of the "civil service Act" is being implemented in the Bill. What has happened to the idea, mentioned earlier in the debate, that special advisers should not be able to exercise Executive power and instruct civil servants? The Secretary of State says that there might be exceptions to that—I cannot think of any such circumstances that have led to good outcomes in the past. Even if there are exceptions, should not the Bill put in place the presumption that special advisers should not be able to do those things and provide for an open, transparent procedure—not an Order in Council—to make the exemptions clear and open in Parliament? Why should only selection into the civil service from the outside world—this is how I read the Bill—be subject to open and fair competition and merit? What has happened to the idea that promotion within the civil service should also be exclusively by merit and open competition? On a lesser but still important point, what has happened to the provision in respect of GCHQ, which was included in a previous draft of the Bill but has now been lost? Finally, and crucially, why does the Bill contain no legal duty on Ministers to respect civil service impartiality?

The treaty ratification aspects of the Bill have been discussed extensively, but the conclusion that I have drawn from examining the Bill and listening to the debate is that what the Bill provides for is almost purely symbolic; it is not a real change. That is because the Government—this is the central issue with which the Select Committee on Reform of the House of Commons, which the hon. Member for Cannock Chase chairs, is grappling—have a complete stranglehold on what we get to vote on in this House. If a purely negative procedure is to be used in respect of treaties, this House will never get to vote on a treaty when the Government do not want us to do so. What the Bill says about the House of Lords is that the Government can simply, by fiat, ignore what it says on a treaty. In any case, clause 23 contains a general get-out clause allowing the Government to evade the entire proposed structure.

Mr. Straw: It was my experience as Foreign Secretary, when I regarded it as offensive to this House and our democracy that Parliament had no formal, proper role to agree or to veto treaties, that led to this part of the Bill being laid before the House. This provision is not, in any sense, supposed to be symbolic. We are, of course, open to arguments as to how it could be improved, but I should say that never before has there been—as there will be if this Bill is enacted—power for this House properly to veto a ratification if it so judges.

David Howarth: I am glad that the Secretary of State is open to further suggestions—the obvious one is to move to use the affirmative system, as opposed to the negative procedure, in this House. That would at least ensure that a vote took place in this House, even if a debate did not.

The Bill is very disappointing on prerogative powers. The document that the Government issued last week is possibly the most complacent that I have ever seen come out of government. Basically, it lists the prerogative powers that are known to exist and then says, "Apart from one or two that the Government have already covered, there is nothing wrong with the present system and it is a very good idea that Ministers should have all these powers." It simply makes a mockery of the Prime Minister's promise to entrust

"more power to Parliament and the British people."—[*Official Report*, 3 July 2007; Vol. 462, c. 815.]

Like the Secretary of State, I would have much more strongly preferred to see something concrete about war powers in the Bill, rather than merely a proposal about consideration of a draft resolution of the House. That was rightly described by the Public Administration Committee as leaving

"too much discretion in the hands of the Prime Minister."

The Bill contains nothing about the Dissolution of Parliament and nothing about many of the other powers listed last week. Crucially, it contains nothing about the power to appoint the Prime Minister, which remains in the mysterious official channels of ways and means. That is not acceptable in modern democracy; this House should openly elect our Prime Minister, after a general election. The prerogative is simply arbitrary power dressed up in mediaeval clothes, and it is a means for the Government to avoid democratic scrutiny. We should be discussing a general provision to shift all prerogative powers on to a statutory basis or to this House, and the Government should have to argue for any exceptions to that.

May I just briefly mention the public order provisions, because I was disturbed by part of the debate about that earlier? I am happy that the provisions that exist now on protest near Parliament are being repealed, but the Bill replaces them with a regulatory regime that could be abused. I am thinking about, for example, the power at large to confer discretions on senior police officers and the power to impose a limit on the maximum number of protestors without there being any limit to that power. When this Bill reaches Committee we will need to examine carefully what those provisions are meant to do and, if necessary, restrict their remit.

On the judiciary, as the Secretary of State said, the effect of the Bill is to take the Prime Minister out of the loop on judicial appointments. I suppose that that is also largely symbolic, since the Prime Minister is replaced with the real power in the land—the power behind the throne all the time—the Lord Chancellor.

On human rights, I have no objection to tidying up the anomalies to do with the devolved Governments. However, if the Government are in a frame of mind to tidy up the Human Rights Act 1998, I urge them to consider not only the Bill promoted by the hon. Member for Hendon (Mr. Dismore) on foreign civil servants, which he has mentioned before, but, rather more importantly, his Bill on human rights, which would ensure that Government contracted-out services, which are only technically in the private sector, are included in the scope of the Human Rights Act.

The financial provisions of the Bill on the Comptroller and Auditor General and the National Audit Office are mostly harmless, but there is nothing in the Bill to deal with the ludicrous lack of scrutiny to which the Government are subject in this House before they spend public money. Our method of scrutiny takes place almost entirely after the fact. We in this House have less say in advance of Government spending than a parish council does about what that council spends. Since the reality of politics is that expenditure is policy and policy is expenditure, we are reduced to merely a spectator in government. It seems to me that serious reforms are required to the way in which Parliament relates to the Government on money issues. The Bill, as it does with so many other issues, simply tinkers lightly with the far edges of a very serious problem.

A Second Reading debate is supposed to be about the principle of a Bill, and the principle of this Bill appears to be to do as little as possible about as much as possible in a limited way. The big issues that face us about the legitimacy of the political system and the future of our democracy have been ignored. If I am right that we are already in a constitutional moment—in a serious political crisis—that is simply an inadequate response. I urge the Government to think again about what they want to achieve through the Bill and about whether it is right to introduce such a pathetic little Bill at this stage and carry it over into the next Session. It might be a better idea to take the whole thing away and to return in the next Session with a serious attempt at reform.

7.3 pm

Keith Vaz (Leicester, East) (Lab): It is always a pleasure to follow the hon. Member for Cambridge (David Howarth). I do not share his pessimism that we are in a huge political crisis. Although aspects of the public's confidence in this House and the conduct of its Members have been affected, I do not think that it is a huge constitutional crisis. I hope that by the end of the debate we will have cheered him up and shown him that some good work has been done in the past 12 years.

I begin by declaring an interest as a non-practising barrister.

This is the first debate on constitutional affairs since the Minister of State, Ministry of Justice, my right hon. Friend the Member for North Swindon (Mr. Wills), announced that he will step down at the next election. It is right to pay tribute to him for the work that he has done in this area of policy. He has always been extraordinarily passionate about constitutional affairs. I was delighted when he chose Leicester as the first city to visit on his roadshow. I am not sure how many other places he visited—*[Interruption.]* Lots, he tells us. It was great to have him in Leicester and I hope that it gave him a flavour of the willingness of the people of Leicester to engage in this great constitutional debate.

The Lord Chancellor is absolutely right that this has been a breathtaking 12 years of great changes to our constitution. We have seen devolution and the creation of the Supreme Court, as well as changes to many other aspects of constitutional policy. The Government should be commended for what they have done. However, I am a little disappointed by the Bill—a disappointment I share with the hon. and learned Member for Beaconsfield (Mr. Grieve). I had expected, as the Bill has such a grand title, that it would have more to it than the measures that the Lord Chancellor told the House about in his speech. It is like opening the fridge on a Monday morning and finding that all the best bits have gone. Perhaps we have legislated our way into constitutional history and there is nothing left to do, but I had hoped that there would be more in the Bill, because there is still more to do. Perhaps, as we are only five months away from a general election—as fixed a term as is possible, because we know that the election will happen next year—the Lord Chancellor feels that he should keep his best bits for the manifesto and for the fourth term, should the electors of the United Kingdom re-elect this Government, as I hope they will.

It is right to pay tribute to all three Lord Chancellors in this Government—to Lord Irvine; to my former boss when I was a Parliamentary Private Secretary at the Attorney-General and Solicitor-General's Department, Lord Falconer; and to the current Lord Chancellor. They have been serious about the need for reform and change, and it is important that we recognise that although the Bill might not be the Bill that we would have liked at this stage, it is part of that process.

Let me pick up on two or three aspects of the Bill. I hope that the Lord Chancellor will follow it through in the spirit in which he introduced the Second Reading debate. I have known him now for 30 years, and I know that when he says that he is willing to engage in debate on issues he will do so. The way in which he has dealt with interventions from right hon. and hon. Members and from Front Benchers shows that he will be willing to engage in such debate in Committee.

I was interested by the suggestion proposed by the hon. Member for Cities of London and Westminster (Mr. Field), which appeared to have come from a pamphlet written by the hon. Member for Chichester (Mr. Tyrie), whom I have always regarded as one of the cleverest Members of this House. If he has written a pamphlet about the need for temporary peers, it will certainly be worth reading, and I shall rush off to the Library to do so. Let me take his pamphlet at face value, as it was described by the Lord Chancellor and by the hon. Member for Cities of London and Westminster. Its intention is to ensure that we appoint peers for a short period, whether or not they serve as Ministers. Such a provision should not be limited to people who serve as Ministers of the Crown; it should extend to those in a particular area of expertise, who could be appointed for a couple of years, as it would be unfair to put them in for a month and hope that they can master the intricacies of the way in which the other place operates.

I fully support the principle of temporary membership, especially as there appears, as the hon. Member for Cambridge has pointed out, to be no great difference among the three major parties about the need to make the House of Lords more democratic. I am not quite sure where we are on the percentages, but our position is that the other place should be almost wholly elected. I am not sure of the Conservative position, but I think that the Liberal Democrats are in favour of a wholly elected upper House. Given that there is not that much difference, and accepting what the hon. and learned Member for Beaconsfield said about our not being able to legislate in a day, the idea of temporary peers is a good one, especially if they are brought in to serve in a Government for a particular reason.

[Keith Vaz]

There is no reason why people should be in the other place for life—under the old terms of what life should be—if they are there for a specific purpose. That is why I welcome the proposals in the Bill to allow peers to resign. I do not think that there is a hidden agenda about any particular member of the Government or of the other House, but surely it must be right for a peer who wants to resign and to contest an election to the House of Commons to be allowed to do so. I am not clear whether that would affect the next general election. Perhaps the Minister of State, when he winds up, will be able to tell us. However, it would be pointless to introduce a Bill that allows peers to resign but then not allow them to do so and contest the next general election, if that is what they choose.

My second point has to do with judicial appointments. I take the Lord Chancellor's point that removing the Prime Minister from the process would be a technical change, but I have been here long enough to know that the word "technical" can be used about matters that are a little more significant than that. I am not certain that the present Lord Chancellor has been in a position to make a recommendation to the Prime Minister, or whether the president of the Supreme Court was in place before my right hon. Friend took over, but I cannot believe that any serving Prime Minister would have told any of the past three Lord Chancellors, "I'm sorry, but I cannot accept your recommendation." Certainly, I cannot believe that the current Prime Minister would say to the present Lord Chancellor, "Sorry, I don't like your choices for president of the Supreme Court, or for the deputy president and other members. Please let me have some other people to choose from."

I am worried that, once the selection process is complete, appointments are merely rubber-stamped. I do not think that they should be, as the appointment of these very senior judges must be accountable to Parliament. I served on the Constitutional Affairs Committee under the enlightened leadership of the right hon. Member for Berwick-upon-Tweed (Sir Alan Beith). He and I, and the hon. Member for Chichester, were very keen to make sure that we had the judges in on a regular basis.

Yesterday, we saw how the pre-appointment process in respect of the Children's Commissioner panned out. I am not sure how that process might have affected the appointment of the president of the Supreme Court, but I am sure that at some stage he would have come in to answer questions from members of the Constitutional Affairs Committee.

I am not saying that I want to go back to the previous system, in which one man or woman—a man, in the case of the present Lord Chancellor—selected every judge, tribunal president or magistrate. However, our current system has not impressed me with its ability to open up the judiciary in terms of diversity and gender, so I am glad that the Lord Chancellor has set up his review to look at how the Judicial Appointments Commission operates. I am glad too that the Opposition spokesman, the hon. and learned Member for Beaconsfield, has said that he supports the review, because it is important to see how the JAC has worked.

I am not very impressed with the JAC, in part because there is not enough feedback for people who apply for posts. By and large, the same civil servants who ran the system at Selborne House are running the present system. There has not been a mass recruitment of new people. I hope that those who serve on the Committee considering the Bill will probe Ministers about what is happening with the JAC. I do not want to pick a quarrel with the Lord Chancellor about removing the Prime Minister from the process, but he needs to accept the importance of accountability.

We simply cannot have members of the judiciary choosing themselves. There are lay members of the JAC, but they are likely to defer to a senior judge's views on any appointment. The result will be that the same people will select themselves: sadly, that is what we have had in recent months, and that is why the overall balance of the judiciary has not changed.

I turn now to the public order provisions in the Bill. I am not sure what they are. The Lord Chancellor said that the present restrictions will be lifted, but that there are to be more restrictions. That will have to be probed in Committee: people have a right to go into Parliament square to have their say about the great issues of the day.

I have many members of the Tamil community in my constituency. During the conflict in Sri Lanka, many Tamils demonstrated in Parliament square against the Sri Lankan Government in the belief that they could influence our Government to do more than they were doing. In fact, the demonstration lasted several months and cost the taxpayer £7.5 million. When the Home Affairs Committee took evidence from the Mayor and the Metropolitan Police Commissioner, it was pointed out that police resources for that demonstration had been moved in from other parts of London.

I do not want to try to stop people demonstrating, but perhaps we should try to find another focal point where they can do so without causing so much disruption. That would also prevent the amount of resources used on the Tamil demonstration from having to be used in future. Obviously, it would be very nice if people did not shout at Members of Parliament as they moved in and out of the Palace—although I know that the Lord Chancellor is very used to standing on a soapbox and using a megaphone. He does so every week in Blackburn; I have witnessed him standing in the middle of the town square, shouting at everyone who goes past—

Mr. Straw: I have a conversation with my constituents.

Keith Vaz: My right hon. Friend engages with his constituents, and they engage with him. It is always very friendly and polite, but that is quite different from what happens in Parliament square. We need to look at the matter and get the balance right, but we must also remember that there are policing aspects to it. There is a big cost to policing: when demonstrations take place, we must make sure that they are properly policed, without necessarily using too many resources.

My final point concerns the ratification of treaties. This is an excellent initiative on the part of the Lord Chancellor, although of course it is Parliament that must make a final decision on these matters. I only wish that we had given the US-UK extradition treaty the same level of scrutiny.

The hon. Member for Enfield, Southgate (Mr. Burrowes) was here a moment ago. His constituent Gary McKinnon is facing removal to the US under the US-UK treaty.

The Home Affairs Committee today decided to hold evidence sessions to look at the treaty again, as I believe very strongly that the Americans got the best of the deal. I am not alone in believing that: as I made clear when we discussed these matters recently, my view is shared by a former Home Secretary. It is possible that treaties will be subject to better scrutiny if they are brought before the House, and I welcome what the Lord Chancellor proposes.

There have been huge constitutional changes over the past 12 years, and I am very proud to have served in, and supported, the Government who made them. However, some of us are disappointed with the Bill, from which we expected more but which lacks a big idea. The Prime Minister took over in June 2007, and he talked about the new constitutional settlement. At the time, I said to him, "What we need is a new Magna Carta. We've done so much, but we need to join it all together." He agreed, and said that that was exactly what we needed. I said the same thing to the Minister of State, but the problem appeared to be that people objected to paying the £1 million proposed for the consultation exercise. Of course, the Magna Carta did not cost so much.

We need to join all the bits together—whether through a written constitution, a new Bill of rights, or a new Magna Carta. As my hon. Friend the Member for Cannock Chase (Dr. Wright) said, this is a moment in our history. It would be great if we could join together all the changes that we have made, and thereby leave an impressive legacy of constitutional reform.

7.19 pm

Mr. Andrew Tyrie (Chichester) (Con): I shall confine my remarks almost exclusively to part 3 of the Bill, on the House of Lords. I agree with most of the Bill and with quite a number of the remarks that I have heard this evening suggesting that some good things that should have been in the Bill were left out—concerning the Attorney-General, for example. Several people suggested that after the Prime Minister's speech announcing all these wonderful constitutional changes, it must be Christmas—but it turned out to be Christmas in the workhouse, not the Christmas that most of us are fortunate enough to enjoy these days.

The Lords provisions are pretty meagre, as I have just said, but at least clause 26, which will slowly remove the hereditary peerage, is on the right track. It is certainly overdue and it will finally break the link between the House of Lords and the hereditary principle. That must be right. There are those who still challenge the constitutional notion that in the 21st century only those who have been put into Parliament by the electorate should have the right to make our laws, but there are now very few takers indeed for the notion that people should inherit the right to legislate—although, who knows, there may still be a few.

It is often forgotten that clause 26 is necessary, and that the hereditaries are still in place, because it suited the Blair Government's purpose to keep them there. Not only did the Blair Government beat a hasty retreat from their pre-election promises of democracy for the Lords, but Tony Blair personally negotiated and stitched up a backroom deal with Lord Cranborne to perpetuate the hereditary peerage. That deal was subsequently given legislative effect in clauses in the House of Lords Act 1999.

I broke a three-line Whip to vote against those provisions, finding myself voting against both my party and the Labour party. In fact, in all three of the major rebellions that I have undertaken since I became an MP, I have been in the happy position, over 12 years, of voting against both the major parties. It is those provisions in the 1999 Act that clause 26 will reverse. If there is a vote on them, I certainly shall not vote against clause 26.

It is worth reminding ourselves just how pernicious what was done in 1999 is. It enables deceased hereditaries to be replaced by an electorate restricted to hereditaries of the same party. Lord Steel gave an interesting description of this. He said:

"We"—

that is, the Liberal Democrats—

"had six candidates for a by-election and four voters. Before the Great Reform Bill of 1832, the rotten borough of Old Sarum had at least 11 voters. In the Labour Party, there were 11 candidates and only three voters, and we had the spectacle of the Clerk of the Parliaments declaring to the world that a new Member had been elected to the British Parliament by two votes to one."—[*Official Report, House of Lords*, 20 July 2007; Vol. 694, c. 485.]

We need to move on from that.

The effect of removing the remaining hereditaries and the clauses on the removal and resignation of Members will reduce the size of the House of Lords. That is much needed, for many reasons. First, the House of Lords is the second biggest Chamber in the world. The only larger Chamber claiming to have any democratic legitimacy at all, and that is pretty thin, is the Chinese National party congress. Moreover, the UK is the only bicameral country where the second Chamber is larger than the first.

The second reason why the House of Lords needs to be reduced in size is that the problem of size has got worse under Labour. That is because the Government have created peerages at an unprecedented rate. Most of the hereditaries who were removed in 1999 never attended anyway. Half the active hereditary peerage survived in 1999 and became more active. Meanwhile, the Labour Government have appointed a huge number of peers—386 out of a total of about 740. More than half the Members of the current House have come in since 1997. Labour, albeit understandably, because it was under-represented in the Lords, has been packing the second Chamber since it came in.

Kelvin Hopkins: Is not that the real problem with the House of Lords—the power of the Prime Minister to appoint people to it, which gives him a control over older Back Benchers in this House and friends in business outside? My hon. and learned Friend the Member for Medway (Mr. Marshall-Andrews) has made the point that these creatures of the Prime Minister are even less legitimate and less independent than the hereditary peers, who exercise a degree of independence in voting, and may be better politicians than some of the creatures of the Prime Minister.

Mr. Tyrie: If I did not know the hon. Gentleman better, I might believe that he was a convert to the hereditary principle, but I presume that he is not. Appointment is, by a short head, better than heredity, but democracy is far better than both. I shall come to that in a moment.

[Mr. Tyrie]

The Labour deficit that existed in 1997 has been replaced with a Labour majority over the Conservatives of a little under 10 per cent. in the House of Lords. The third reason why size is such a problem is that that has inadvertently created a ratchet. I do not think Labour intended that. When the Conservatives come in, whether now or later, we will not let matters rest. We will rightly want to match Labour's number with new creations, then we will probably want to create a modest majority of our own. So in an effort to achieve parity and beyond, the overall size of the Lords will increase, because those will be life peerages, and so it will go on. Each time there is a change of Government, there will be tit for tat. We cannot carry on like that, with an ever expanding House of Lords.

There is one radical solution, to which I referred a moment ago and for which I have argued since I was first elected to the Commons. Let us have a smaller, democratically elected second Chamber. This view is strongly held across the House of Commons—59 per cent. of Conservative MPs voted in the 2007 Divisions for at least one of the options for a largely or wholly elected second Chamber. The equivalent figures for Labour were 76 per cent. and for the Liberal Democrats 98 per cent.

Furthermore, as the Lord Chancellor suggested earlier, when it comes to much of the detail, there is a striking amount of agreement about the type of elected Chamber that we should put in place. I was initially sceptical about the work being done on the basis of the White Paper that was published, but I am now much more optimistic that it has made a considerable contribution to the debate.

However, if the chances of securing democracy in the near future were already relatively slim, they can now be considered virtually non-existent, as a consequence of the economic crisis. That has changed everything. Any Government who tried to make such a change in such an economic climate would be accused of having the wrong priorities, and the accusation would probably stick. People would become all the more vitriolic if, as I suspect would happen and a number of Members have implied would happen, introducing such a Bill precipitated a constitutional crisis.

There are a good number of last ditchers in the other place and they will throw out such a Bill. We will be into a constitutional crisis, with huge amounts of parliamentary time, energy and activity taken up with trying to get it through. It will be a rerun of what happened 100 years ago. Can we afford to engage in that while we are trying to tackle the biggest economic recession since the war, when the debt-to-GDP ratio has just doubled and we are running a deficit unprecedented in peacetime history? I do not think the country would understand that, and any party that tried to achieve it would be making a huge political and governmental mistake.

However, the choice need not be between the measures in part 3, on the one hand, and full democracy on the other. There is another measure, very limited and with immediate effect, which could control the ratchet on the number of peerages created, improve the working of the existing House, and at the same time lay the foundations for a more radical democratic House, should a subsequent Parliament decide to go down that route. That measure would be the introduction of term peerages: peerages conferred for a fixed period. I have held to the view for some years that it might be necessary as an interim measure.

My right hon. Friend the Member for North-West Hampshire (Sir George Young) is now the shadow Leader of the House, but earlier in the year, when he was still a Back Bencher, he and I published a paper setting out the proposal, with some detail attached to it. Term peerages would adopt the approach, already agreed between the parties, that a predominantly elected second Chamber would comprise those serving a single, non-renewable term of three Parliaments. The term of those appointments would therefore be the same as that which we would eventually introduce for a democratic second Chamber: three Parliaments. I do not support varying the term to take account of a Government's particular needs at a particular time to put in a Minister whom they might want for a short period. The term should be fixed and, perhaps, salaried, and it should be understood that getting a place in that Chamber would involve work and commitment. It would not be a status appointment.

The advantages of the measure would be apparent very quickly. It would end the ratchet and emphasise that those people were active working politicians. Lord Jay, the Chairman of the House of Lords Appointments Commission, recently emphasised that the appointments process should

"move further along that curve from honour to job."

I agree, as I think most people do.

Another reason why we should support the proposal is that, unlike most proposals for democracy, it would leave existing life peers unaffected. One might find it surprising that I should say that, but any proposal that would fundamentally alter the life peerage will meet such a wall of opposition that proceedings on it will take over this place for a year or two at a time. By agreement between the parties, however, new life peerages could be brought to an end, and we could restrict appointments to interim peerages—much as, over time, hereditary peerages were largely but not entirely replaced by life peerages after the 1958 change.

Almost everyone agrees that the current arrangements for the House of Lords are unsatisfactory to say the least—almost everyone, that is, except a majority in the House of Lords itself, who are a somewhat interested party in this matter. However, an increasing number acknowledge my earlier point that an early move to democracy is unrealistic in this economic climate, so term peerages would be a practical means of invigorating the Lords while addressing many of its current problems, strengthening our Parliament and constitution and retaining some continuity with the best of the current House.

I shall table an amendment in Committee to give effect to term peerages. In doing so, I should very much like the support of my Front Benchers and, I hope, Labour Members as well as Liberal Members. I hope and believe that it is an idea whose time has come.

There has been a great deal of gloom, some of which we have heard today, about the British constitution, about Parliament and about the public's loss of confidence in us. The proposal that I have outlined will not overturn all that, but by demonstrating that we can work together on a relatively modest, yet in the long run far-reaching,

change, we will do something to show that we in this Chamber are working for the common weal, and we will do just a little bit to help restore the public's confidence in us.

7.34 pm

Kelvin Hopkins (Luton, North) (Lab): I very much appreciate the speech by the hon. Member for Chichester (Mr. Tyrie), but I assure him that I am actually a unicameralist who voted accordingly in our series of votes in the Chamber. I voted for unicameralism and against everything else, as did a number of my comrades on the Labour Benches. Indeed, half of all Labour Back Benchers voted for that amendment, despite the attractions of being put out to grass towards the end of their careers. They still voted in a principled way for unicameralism, and I was very pleased by that.

I am pleased to have the opportunity to speak, and even more pleased to be a member of the Select Committee on Public Administration, which my hon. Friend the Member for Cannock Chase (Dr. Wright) so splendidly chairs. It has really been an experience: we have discussed these matters at length on many occasions and interviewed many senior figures from politics and Government.

I want to cover several issues, but I start with the right to statutory protection for an independent civil service. The civil service has certain problems. This view may be unfashionable, but I do not like the idea that the civil service should be permeated by business and outside interests. It is absolutely accepted that we should have staff of the highest intellectual calibre in the senior civil service, but they should be career civil servants who see themselves as lifelong, committed people—committed to the service of the public and the state. They should not have one foot in business, nor should they be politicised. They should not look for financial advancement or advantage at any stage; they should see themselves as servants of the state and have a moral compass—to coin a phrase—in respect of their attitude to the job. The post of senior civil servant should be a special calling, not something tainted by association with making money and the like.

I am worried about drift in the civil service. Some people see it as beneficial to the service, but I do not. It has been suggested to me, for example, that there is an in-house corporate lobby for the six big energy producers, meaning that civil servants resist proposals for localised renewable energy systems by dragging their feet and making life difficult for those involved. It is not without significance that we have less renewable energy than every other European country apart from Malta and Luxembourg, and I suspect that civil servants have had a part to play in that. I do not blame all civil servants, but the accusation has been put to me and I suspect that there is a basis to it.

Some years ago, a leading business man was employed by a company to secure private finance initiative contracts from the Department of Health, and all of a sudden he was appointed as the Department's industrial director, levering out PFI schemes from the inside to his friends on the outside. He subsequently went off to become a banker. The civil service should not consist of such people. They should be in banking, no doubt, and in private business, but they should not be representing the public interest from inside the civil service. That has concerned me for a long time.

There is another fact about the civil service which worries me: civil servants have tended to be dominated by the prevailing ideology of the past 20 or 30 years. When I was a student many years ago, I met a former senior civil servant who was a university lecturer. He said that in his day there was a genuine debate inside the civil service about economics, and if policy changed there were always civil servants around who were schooled in an alternative view, and they could put it into practice. That is not the case now. The Treasury was at fault in not seeing the recent crisis that occurred. I hear very little criticism of the Treasury, but I think that it was at fault. If somebody had been ringing the alarm bells, we would not have got as close to the cliff edge as we did. Perhaps I have a dream that there was once a golden age for the civil service when it was dominated by people of good will—career civil servants who were not at all tainted by the interests of money outside, and had open minds.

Another fact about the civil service is that it is, in all things, wise to be able to discuss one's view with someone who opposes them. In this Chamber we have an enormous range of views, and every time we put forward a view it can be challenged. Someone who surrounds himself with people all of whom agree with him, or eliminates from his office anybody who disagrees with him, will finish up making mistakes. That has happened in the past. An example that has been put to me is that of Nigel Lawson, as Chancellor, pushing the exchange rate mechanism strategy. Apparently he did not want people who took an alternative view, and surrounded himself with those who supported the ERM strategy. That was a catastrophic mistake that went badly wrong; I suggest that it was even responsible for his party's loss of the general election in 1997. It was the folk memory of the disaster of the ERM strategy that destroyed the Tory Government more than anything else. If Nigel Lawson had had around him people who took a strongly different view, he might not have made that mistake. I like to think that our civil servants will be strong enough to welcome alternative views and at least to have a debate about major matters of policy.

I have another concern, about the Comptroller and Auditor General—but excuse me, Mr. Deputy Speaker: I have a sore throat and a cold, and I do not think that I shall be able to continue for much longer because of my mild indisposition. Having made some of the points that I wished to make, I will save the rest of my remarks for another occasion.

7.41 pm

Sir Alan Beith (Berwick-upon-Tweed) (LD): It is always a pleasure to listen to the hon. Member for Luton, North (Kelvin Hopkins), even when he is struggling with a sore throat, from which I hope he soon recovers.

Before reading the Bill, I had a look at the explanatory notes—I usually do it the other round—and found to my surprise that they were full of aspirational comments from the Green Paper of July 2007, stating that the background to the Bill included the Government's goals

"To invigorate our democracy...To clarify the role of Government, both central and local...To rebalance power between Parliament and the Government, and give Parliament more ability to hold

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the Government to account...and...To work with the British people to achieve a stronger sense of what it means to be British."

That all sounds very fine, but it does not seem to have a great deal to do with the Bill that we now have before us. I appreciate that that Green Paper also related to some of the other things that the Government have done. I celebrated one of those with them only last Friday with the opening of the Supreme Court—a happy occasion. That is an important symbolic change that also has some practical significance and one that I very much welcome. That measure was introduced only after my Committee, the Justice Committee, had persuaded the Government to get it right following the back-of-an-envelope job with which they started, but all credit to them for carrying it through.

When I looked from those grand aspirations to the Bill, I saw a Bill that had first been stripped of some of the important issues that were raised in 2007, such as the role of the Attorney-General, and seems even slighter when set against the Prime Minister's statement on the constitution in July this year. It represents a distinct change of atmosphere. I was struck by the Secretary of State's quoting the report by the Joint Committee on the Draft Constitutional Renewal Bill and indicating that there was significant opposition in the House of Lords to the proposals to change the precise status of the Attorney-General. I do not know whether his experience compares with mine, but I find that in discussions in the other place one encounters the trade union of former Law Officers, who find it difficult to accept that there should ever be any change in that position. They are rather like the Lord Chancellor in "Iolanthe":

"The Law is the true embodiment
Of everything that's excellent."

In particular, members of that informal trade union believe that any change in the position of Attorney-General casts doubt on the ability that they themselves exercised to draw a proper distinction between their political and legal roles—that it casts doubt on their integrity. Of course, it is nothing of the kind—it is a consideration of what would be a proper system for the future. Nevertheless, that seems to be a pretty powerful body at the other end of the building.

The Bill fails to meet the objectives set out in the Prime Minister's statement. Let us start with the House of Lords. The hon. Member for Chichester (Mr. Tyrie), who is a valued member of the Justice Committee, advanced his own interesting proposal, but what we are in danger of living with for many years to come is not what this House voted for—a predominantly elected second Chamber—but an appointed Chamber in which more and more people are appointed and all new Governments carry out a rebalancing by appointing many more peers to ensure that the Chamber is not overwhelmed by those from the previous Administration. The hon. Gentleman quoted the very high figure of 300-odd peers appointed under the present Government. The Prime Minister has himself appointed no fewer than eleven peers to be Ministers, many of whom have since given up that role but still have the position of legislator for life that membership of the House of Lords confers. It now looks as though we will have a long continuation of appointment, possibly moderated in the way the hon. Gentleman suggested. There is merit in his proposal, particularly if it is possible that a new Government, of whatever kind, might—because nothing had yet been done to change the Lords— have to make some initial appointments.

An alternative solution to the problem is to allow Governments to have a certain number of Ministers who are not a Member of either House but who can be questioned in either House. We already have the problem that some of the most powerful Ministers in the Government, such as the Business Secretary, Lord Mandelson, cannot be brought into the Chamber of this House to be questioned, although they can be brought into Select Committees. There is no reason why we should not make arrangements for a small number of Ministers, whether from the Lords or not from either House, to be questioned in this Chamber.

I have not made up my mind to oppose the proposal by the hon. Member for Chichester, but my worry is that it would give a spurious legitimacy to appointment for potentially quite a long period and further delay the reform that is required—the creation of a predominantly elected second Chamber. I suspect that he must have been influenced by hearing about leaders in his own party starting to hand out their own future peerages. We even know who some of them will be, if the Conservatives get the opportunity to create them. If we are to believe what we read in the press, serving officers still receiving their pay in Her Majesty's forces—in the case of Sir Richard Dannatt—are being told that a peerage will be theirs. In respect of the House of Lords, the Bill, whether or not amended in the way that the hon. Member for Chichester suggests, goes nowhere towards meeting the Prime Minister's aspirations.

The Bill does not advance the aspirations about rebalancing the relationship between the Executive and Parliament. I agree that it is right that Parliament should approve treaties, but let nobody suppose that in most situations that will not mean the Government of the day winning the support of their own Members to ensure that a treaty is ratified. The Bill does not affect the things that severely unbalance the relationship between the Executive and Parliament now. Even in the workings of Parliament itself, so many things need to be attended to. I sincerely hope that those matters will be addressed by the Public Administration Committee, chaired by the hon. Member for Cannock Chase (Dr. Wright), which plays a significant part in this process.

In the Justice Committee, we feel strongly that there are crucial things to be done. The control of the Order Paper by the Executive means that what this House discusses is effectively decided by the Executive. The dual role of the Leader of the House in being the main channel for House business, yet at the same time a member of the Executive, is not the way in which most legislatures would run their affairs. The House itself has no mechanism for introducing effective motions relating to business and the timing of business other than through the Leader of the House. The House itself is not making the decisions about how the Government's business should be dealt with. The Government are entitled to bring their business before the House and to have a means of ensuring that they are not frustrated by delay. However, the House should have the power to decide what are the most significant parts of that business and how it can be effectively debated, as well as to say, "We need more time to deal with this Bill even if we have to sacrifice some time on another Bill." At the moment,

the House does not have that power. That is not to anyone's benefit, least of all those who have to work with the legislation that the House passes.

If anybody thought that the Government, in introducing the idea of confirmation or appointment hearings, had any intention of rebalancing the relationship between Parliament and the Executive, they will have been disabused of that notion by the discovery that on a rare occasion when a Committee has said, "No, we don't like the idea of this appointment", the Executive have replied, "That's very interesting, but we're taking no notice whatever." Nothing about the Bill or the measures surrounding it will rebalance the relationship between the Executive and Parliament, so it totally fails to satisfy the Prime Minister's aspirations.

What about the decentralising of power to local government? I see no evidence that the Government are prepared to take many steps in that direction or that they have accepted the fundamental philosophy required to so do, which is that local authorities in different parts of the country can do things differently and frame different targets and objectives instead of having them set by central Government. That is an issue for all the parties to consider, and it is part of my party's philosophy to a significant extent. Even we have to challenge ourselves from time to time and ask whether we are abiding by the philosophy of recognising localism.

I am convinced that the Conservative party has not absorbed a point that had a certain resonance in Conservative circles in times past—the importance of local decisions, locally made. The ideas that the party is currently putting forward are not backed up by a real philosophical commitment. Whenever anybody uses the expression "postcode lottery", I have to say, "Just a minute. We are bound to have differences between postcodes if we genuinely allow local authorities to make different decisions and make them democratically accountable for doing so." I challenge that term whenever I hear it. Of course people are entitled to campaign that their area should get what another area is providing, but in the context of different areas making different choices among competing priorities.

The Prime Minister has raised the issue of electoral reform and talked about a referendum on the alternative vote system. Indeed, the Government commissioned a substantial piece of work about the details of electoral reform, which produced a good, objective statement about various kinds of electoral system. It was one of the more objective things that I have seen come from the Government on the subject. However, none of that indicates any real progress or commitment. We will not rebalance the relationship between Parliament and the Executive if Governments can, for most of the time, rely on a significant majority in this House that is not reflected in votes in the country. The Prime Minister has also mentioned a written constitution, which can cover a wide range of possibilities and would be a major undertaking for this country.

Perhaps even more significant are the issues that the Prime Minister has not mentioned and are not in the Bill, but are fundamental if we are reviewing our constitution. The one that few people dare to discuss is the English question. England has been left with a pre-devolution form of government in a pre-devolution time warp. The government of Scotland, Wales and Northern Ireland has changed fundamentally, but England is governed by the Government of the United Kingdom. It is governed by UK Ministers and the UK Parliament, so not only is Parliament unrepresentative of the balance of parties in England, but many Ministers dealing entirely with English matters are drawn from the other parts of the UK.

There are many different ways of responding to that problem, but it cannot be acceptable simply to say that nothing has changed. Things clearly have changed—people look at Scotland, Wales and Northern Ireland and see different kinds of decisions being taken. They say, "We do not have the power to make those decisions, either in a region of England, in a local authority area or at England level." The Justice Committee has addressed that point in its report on devolution, and the Government must address it.

Another crucial issue that is absent from the Government's thinking and from the Bill is that of fixed-term Parliaments. As long as the Prime Minister can seek a dissolution at a time of his choosing, Parliament is weakened in relation to the Executive and we impose a limitation on its ability to challenge them.

I turn now to the role of the Attorney-General, which I mentioned earlier. It was covered in the draft Bill but is not in the Bill in front of us. The Attorney-General combines a ministerial role as overseer of the prosecution system with the role of legal adviser to the Government and that of deciding whether certain prosecutions should go ahead. The view of the Justice Committee was that those roles should be separated, and that view is widespread outside the House. It is brought into sharp focus when controversial cases arise.

The situation was in some ways worsened when the assumption was created that the Attorney-General should attend not just Cabinet meetings at which her advice was needed but all Cabinet meetings, which was the situation until relatively recently. When we questioned the current Attorney-General about that, she indicated that it was the Prime Minister's wish that she should attend all Cabinet meetings. I thought that that answer was rather revealing, because it showed the significance to her of the Prime Minister's wishes. I would rather hear the Attorney-General say, "The Prime Minister may want certain things, but I am the Attorney-General and my role is very distinct." There are many issues on which she has to say exactly that.

There have been some changes in the wake of the discussions on the draft Bill, and the Attorney-General does not now attend all Cabinet meetings. We are back to the previous situation, and she attends when asked to do so to discuss particular matters. The decision was made that there should be a protocol to strengthen the independence of the Director of Public Prosecutions, which I welcome as it has given a certain new authority to the Crown Prosecution Service. My Committee recently reported on the work of the CPS and the progress that it is making.

One issue that the Committee was particularly concerned about was the power in the draft Bill for the Attorney-General to discontinue not only prosecutions but investigations by the Serious Fraud Office. That is no longer in the Bill, as that whole section has gone. The response to our questions and criticisms was that that power essentially already existed, because the SFO is the responsibility of the Attorney-General. If anybody believes that that power exists, I am rather concerned

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about it. I hope that its absence from the Bill can be taken as an indication that Parliament does not want it to be viewed in that light. It is one thing for the Attorney-General to decide that a prosecution should not go ahead on the grounds of national security, but it is quite another for her to decide that a matter should not be investigated at all. That power does not exist in relation to police or Revenue and Customs prosecutions, and it should not be assumed to exist in the case of serious fraud.

On national security, my view, which was reflected in what the Committee said, is that it is not really the Attorney-General who knows about that. There are circumstances in which the Prime Minister, advised by intelligence agencies, knows things about national security that will be unknown to the Attorney-General, and there are very exceptional circumstances when it will be right for the Prime Minister to make representations to the DPP about the national security implications of proceeding with a prosecution. When that is the case, those representations should come directly from the Prime Minister, which would make them persuasive to the DPP. I do not see a necessary role for the Attorney-General in that process.

Essentially, the Justice Committee argued that the office should be separated out. There should be a legal adviser to the Government who is a career civil servant, which is the direction in which things are moving in Scotland. The current Lord Advocate has moved from one Administration to another and remained in office, so that is moving in the direction of a career appointment. There should still be a ministerial role for someone with responsibility for whether the prosecution system is working, efficient and properly resourced. I hope that I am wrong in imagining that the Government have carefully drafted the Bill to prevent us from discussing that matter in Committee, because many of us feel that we ought to do so.

Mr. Tyrie: I have just one point to make. I strongly agree with everything that the right hon. Gentleman has just said about the Attorney-General's role, but he did not make the point that it was not only the Justice Committee that came to that conclusion, but the Select Committee on Constitutional Affairs, both of which the right hon. Gentleman chaired. The Public Administration Committee also looked at the issue and came to the same conclusion. The same evidence from the same people was then heard by the Joint Committee, which extraordinarily seemed to divine from it a quite different conclusion. I think that that might say something about how the decision to withdraw that part of the Bill came to be taken.

Sir Alan Beith: When talking about the Justice Committee, I tend to subsume our previous existence as the Constitutional Affairs Committee, having been Chairman throughout, as the changes of departmental name and structure were reflected in what we were doing. However, the hon. Gentleman is quite right to refer to the other bodies that have taken the same view. Those on the Joint Committee who argued very strongly for that view were perplexed by anyone drawing a different conclusion from the evidence with which they were presented.

To return to the overall theme, the Prime Minister has announced grand aspirations. Clearly, this is a time when we need to offer people a basis on which they can have greater confidence that they have a system of government that can respond to their concerns and govern the country efficiently, and in which nobody has too much power. That requires a lot a fundamental constitutional change.

The Government's approach to constitutional reform, the Committee has argued, has been ad hoc and piecemeal. The reforms that we have been talking about will determine the direction and nature of our institutions for generations to come, so we must get it right and it must be done properly. Therefore, we need an underpinning set of constitutional principles based on a proper understanding of the position and role of Parliament in relation to other institutions of state. The reforms cannot be taken in isolation: one affects another.

I do not think we have had a process that best achieves that; nor do I think that the roadshow will achieve it. As the hon. Member for Cannock Chase indicated earlier, there is a case for some form of constitutional convention or commission to take on a wider responsibility for ensuring that good, underlying principles are carried through into sound constitutional reforms.

That is one of the lessons of devolution in Scotland and Wales. It was much more difficult to persuade people that constitutional change should take place in Wales, because there had not been the same process of constitutional convention as there was in Scotland. Now that devolution has happened in Wales, I would not advise anyone to put money on people voting in future to reverse the constitutional changes that created an Assembly and Government there. In Scotland, the process was made much easier by the fact that there was a substantial amount of agreement by a wide range of bodies, parties, and community institutions and organisations, about the direction of travel. Constitutional change needs to be properly underpinned, widely discussed and more ambitious than the Bill.

8.3 pm

Mr. Douglas Carswell (Harwich) (Con): This debate, I believe, illustrates what is so wrong with our constitution and demonstrates how dire things are, not because of anything that is being said, but by the manner of the exchange. Look how barely attended the Chamber is! We debate our constitution, yet the people's tribunes are not here. Whips scurry around outside desperate to gather enough speakers to try to keep things ticking along and running until 10 pm. The agents of the Executive try to create the illusion of debate—a debate with all the spontaneity of a Latin Mass. So moribund is our constitution, so monumentally useless our legislature, it is reduced to a talking shop, and it cannot even do that until 10 pm without prodding from the Executive. So much for our proud tradition of Parliament, so much for this legislature.

There is much that is wrong with our constitution—a deep, deep malaise. The Justice Secretary galloped through some of the changes of the past decade, which he proclaimed as a blueprint for change. It is more like a blueprint to replace democracy with quangocracy. Power has shifted from those we elect to unelected officials.

Those whose names actually appear on ballot papers no longer seem to have much actual say over public policy. Instead, key matters are decided, for example, by activist judges adjudicating on the basis of a bogus Human Rights Act. Public policy is formulated by an alphabet soup of quangos. We have the Qualifications and Curriculum Authority, the Child Support Agency and the Driver and Vehicle Licensing Agency—the QCA, the CSA and the DVLA. In fact, there are so many quangos that they have run out of letters of the alphabet. FSA stands both for Food Standards Agency and Financial Services Authority; a food quango and a financial service quango.

Nothing in the Bill will put any of that right. There is nothing to rein in the Executive, its agencies or the quango regime. There is nothing to restore purpose to this Parliament and nothing that will return dignity to politics. No wonder turnout has fallen in each election and no surprise that fewer bother to vote. It is not that the people are apathetic, but that the public have correctly clocked that our democracy is broken.

The Bill ought to contain measures to renew our political system. What about a right of popular initiative? If people had a direct say over what the House debated, there would be fewer debates like this. There would be more time to consider issues that actually matter to people. Our agenda would be less the smug musings of a self-satisfied tribe in SW1. The Bill should contain provision for people's Bills to be included in each Queen's Speech. New Zealand has a right of popular initiative. It is compatible with, and complementary to, a system of parliamentary democracy. MPs would be obliged to vote for what people wanted them to debate, but they would no longer be able to ignore popular concerns.

Constitutional change needs to include the power to recall MPs who are guilty of wrongdoing. I proposed a Bill to that effect last week, but the Justice Secretary did not actually support it. For all his smooth words, nothing happened.

The Bill should address the balance—or, rather, it should address the imbalance of power—between the Executive and the legislature. Fiddling about with a Ponsonby rule will not do. We need to recalibrate the relationship between the legislature and the Executive—fundamental, radical change. It is not the Ponsonby rule that most explains how the Executive dominates this legislature, but the abuse of Crown prerogative over money and estimates, and over appointments and patronage. That is what has reduced the House. It has diminished hon. Members to being puppets of Whitehall and Ministers to being apologists to the Sir Humphrey Applebys.

The House was given to understand that the legislature would approve key Executive appointments. Amid much fanfare, we were told how pre-appointment hearings would help to democratise the quangos. Yesterday, we saw a Secretary of State ride roughshod over legislative oversight. The Select Committee recommendations were just ignored. Pre-appointment hearings are, frankly, worthless. The Bill ought to provide for full confirmation hearings for quango officials and senior civil servants. No approval, no contract: that would rein in the quango state. Until that happens, there will be no meaningful scrutiny over Executive appointments.

Likewise, we need in the Bill to reform how the House oversees finances. Estimates days are a charade. Supply estimates need to be more than just changed, as the Bill envisages. There is currently too little debate, too little oversight and too little scrutiny. Instead, Select Committees should be required annually to approve the expenditure of their respective Departments and the non-departmental public bodies associated with them.

Proper legislatures in other parts of the world properly scrutinise tax revenue and how it is spent. Committees of Congress can go through budgets item by item. If we had that, those whom we elect might at last be able to make good on the tax-and-spend promises that they pretend are in their gift now. Giving Select Committees real power and independence, power to oversee finance, and one even to confirm ministerial appointments, would lead us towards the separation of powers that we urgently need.

The Bill does little to improve our constitution. It is a product of SW1. Is it not the proud boast of the British left that they were once the party of English radicalism and the party that dispersed power away from unaccountable elites? The Bill focuses instead on the petty concerns of those elites in SW1—demonstrations in Parliament square and such like. There is nothing in this Bill that invokes the spirit of the Levellers or the Chartists. It will do nothing to fulfil the incomplete English revolution. It will do nothing to provide us with the far-reaching radical reforms that we so urgently need.

8.10 pm

Mr. Andrew Turner (Isle of Wight) (Con): I wish today to address the proposals in the Bill to remove the hereditary principle of the House of Lords. The wish to remove peers is based on the seemingly arbitrary principle of how they were ennobled. That is a worrying portent for the future. It takes another step towards the Government's stated goal of a democratic second Chamber, and it is another example of the Government's scattergun approach to Lords reform. What is one day deemed valid is the next day cast aside. Though the remaining hereditary peers were retained in 1999, the Government now wield grand claims of democracy to advance the case for their removal.

The argument over the future of the second Chamber is composition versus effectiveness. That is certainly the correct way to address this. However, viewed from the House of Commons, the wrong question is presented—the question of popular accountability. The House of Lords is built not upon the legitimacy of election, but the legitimacy of knowledge. The level of experience and expert opinion in the Lords cannot easily be reproduced through election. However keen the minds of those in this Chamber, few of us are held to be leading authorities or globally recognised figures on even the subjects that we hold dear. The experience of decades of work cannot be picked up from simply studying an issue—it must be lived. Peers contribute to a body of knowledge unique in the world.

Therefore, the removal of the House of Lords would damage both the quality of legislation and the quality of government. The rush of legislation through this Chamber already leaves a mountain of details to be amended by the Lords. Without the revision that the Lords provides, we have a choice between significantly reforming this Chamber, and allowing the quality of legislation to diminish rapidly.

[Mr. Andrew Turner]

The second part of this point is that the creation of an elected second Chamber would also undermine the quality of government. Many members of the other place have served with distinction. Ridding ourselves of such a pool to satisfy the demands of democracy is one thing, but ridding ourselves of individuals is utterly self-defeating. I think of the Marquess of Salisbury, the first Prime Minister of the 20th century. His Government passed, for example, the Naval Defence Act 1889, which ensured the Royal Navy's pre-eminence. I think of Lord Carrington and his integrity. He ended a lifetime of service by resigning on a point of responsibility which, sadly, does not echo as often as it should. I also refer to Lord Mandelson, who has sought so animatedly to reinvigorate this Government. Indeed, it is the appointment of Lord Mandelson and others that betrays the inconsistency at the heart of the Government's approach. They cannot, on the one hand, endow an unelected person with a senior position in the Government, and on the other, decry the same system that allowed them to do so. They cannot have it both ways. Is it not contrary to use such a wonderful resource while seeking to do away with it for future Governments? Does the willingness of this Government to use the Lords not legitimise its existence—an existence that the Labour party has lived with for 12 years now?

As the Government are keen to point out, peers may not be accountable to the nation. But they are free from the concerns of keeping their seat. This independence would not be retained with an elected membership. Such a Chamber would simply end up mirroring the arrangements and partisanship of the Commons. Two Chambers, in which a Member's allegiance is as much to his party as to his conscience, would not be conducive to reasoned debate. Two Chambers, in which the Government command the majority and the timetable, would certainly not be conducive to effective scrutiny.

Hereditary peers are, if anything, the epitome of independence. They carry with them a duty and a sense of loyalty that exists outside politics. I am very sad that the majority of hereditary peers have gone, but gone they mostly have. This Government, and Tony Blair's before them, have sought to end generations of successive service and instead replaced it with partisan appointment as and when they saw fit. To say one type of patronage is wrong, while promoting another, is nonsensical. More than 600 hereditary peers were removed because of their perceived lack of democratic credentials, but almost 400 life peers have been created since 1997, with the same apparent deficit.

The proposals for an elected House simply advance this contradiction. Holding elections once every 15 years would simply create life peers who are willing to stand—once—for election. These people are likely to be picked or at least pushed by parties. If that were the case, all that the Government would have accomplished would be to create a new system of patronage after they had abolished the present one. Furthermore, I fail to understand how an individual's actions can be held to account if they serve only one term. How is a term of such length any more responsive to the will of voters than the lifelong terms at present?

Ending the by-election of hereditary peers and beginning the sapping of their number represents a step toward an unknown constitutional settlement. I believe that it would insert more uncertainties and undesirables into the constitution than it could ever hope to remove. What is needed is not rapid change, but simply a limit on the size of the Lords, perhaps no larger than at the present level. That would curtail the power of patronage over successive Governments, with peers replaced as and when necessary. As Lord Hugh Cecil MP said, in early 20th century, on the subject of Lords reform:

"Why rush into danger instead of staying in safety?"

Finally, I would like to draw attention to the title of this Bill—the Constitutional Reform and Governance Bill. It contains very few provisions for the administration of this House. I question whether the Government are simply trying to win a symbolic victory outside this Chamber, when what is required is a substantive reassessment of what goes on inside it.

8.18 pm

Mr. Edward Timpson (Crewe and Nantwich) (Con): I am grateful for the opportunity to speak on the Second Reading of this Bill. I assure my hon. Friend the Member for Harwich (Mr. Carswell) that I am genuinely here to speak on the Bill and under no other pretence. I wish to touch on two parts of the Bill in particular—part 1 in respect of the civil service and part 6 on courts and tribunals.

First and foremost, however, I want to develop some of the arguments made already this evening about the omissions from the Bill, many of which are extremely significant. It is fair to say that the Bill has received rather muted applause. It has been described as lacking in real zeal, as a mouse of a Bill, as trimmings rather than meat and by the hon. Member for Cambridge (David Howarth) as a pathetic little Bill. I shall be more charitable and call it a modest Bill, although the original constitutional reform plans have clearly been watered down since last year.

The question is more what is not in the Bill than what is in it. Clearly the seeds of the Bill lay in the idea that there was a deep fracture at the heart of our democracy and that restoring public trust in the political system was a priority. For me, the heart of that is ensuring the independence of this House, and the genuine purpose of its power is to hold the Government to account.

On 27 May, the Prime Minister said that one of his main priorities was the

"strengthening of Parliament against the executive".

I am still a relatively new Member of this House, but I have been exposed to the system of Select Committees, in which one of the first innovations in trying to provide greater scrutiny of the Executive through public appointments has been tried out. Sadly, I can feel only dismayed by the process that has been played out in the Children, Schools and Families Committee this week and last. I was led to believe that we, as Committee members, had a responsibility as well as a mandate to ensure that those public appointments, through the pre-appointment hearings, were genuinely in the interests of the public and that our word would be taken not for granted but with great seriousness and care by the Executive making the appointment.

Despite the noises from the Government about wanting to open up the scrutiny of the Executive, we are left essentially with a charade in which Committee members—I include myself in this—feel no more than spectators of

an Executive sport. It raises the question whether what the Government want to achieve is what we want to achieve. There is no point in holding pre-appointment hearings unless they have meaning. How can a unanimous decision by a Select Committee not to endorse a candidate for a prominent and important public post—the Children's Commissioner—not even be given a second thought by the Secretary of State when deciding on the correct person for the appointment, and simply be brushed to one side without any consultation?

That is a huge disappointment, which reflects in many ways my concerns about omissions from the Bill. Where in the Bill will the patronage of the Prime Minister be cut? Where does the Bill address the Prime Minister's power to destroy or create Departments by subjecting it to parliamentary approval? Where in the Bill is the power for the introduction of annual debates in the House of Commons on all Departments' plans and objectives? We have heard from both sides of the House the desire to introduce greater scrutiny of the Government, particularly through the legislature, but we see in the Bill very little attempt to bring that about.

Bob Spink (Castle Point) (Ind): The hon. Gentleman is talking about scrutiny of the Government. Does he share my concern that scrutiny is moving further away from Parliament, through the creation of quangos, which are growing like Topsy, employing more and more people, spending more and more public money and circumventing the normal democratic routes and controls? I know that he, like me, wants smaller government. Does he think that the Bill misses an opportunity in not setting targets to reduce the number of quangos and the amount that the chairmen and boards of directors of quangos can be paid—for instance, to the maximum of an MP's salary, which I think is a perfectly good salary? Would he agree with such a move? Would he like to debate that during consideration of the Bill?

Mr. Timpson: I could not agree more on the proliferation of quangos, and also on the control that they exert and the lack of transparency within them. The point was made earlier that there are now so many quangos that they have to share the same acronyms. We need to look at where power lies. We need to ensure that the public not only have confidence in where power lies, but have trust in those who hold that power. With the current system of quangos, which is prevalent in many areas and particularly in education, not only is it impossible to hold the Government to account, but where quangos are seen to be at fault the Government can say that they are arm's-length bodies and absolve themselves of all responsibility.

We heard from my hon. and learned Friend the Member for Beaconsfield (Mr. Grieve) about the 12 areas of power that the Government were looking to shift. He could name only two—bishops and quangos—that had been affected and suggested that in fact the figure was perhaps only one and a half or one and a quarter, the half or quarter being the quangos. I would go further and say that the figure is just one, because the Bill does not deal with the power that quangos still hold or with our being able to hold them to account. My experience on the Children, Schools and Families Committee is an illustration of exactly how the Executive are still trying to hold close to their chest the power that we know should be much more readily accessible to us as both members of the public and Members of this House.

There is more that we can do with Select Committees. We could have elected Chairmen. As my hon. Friend the Member for Harwich said, we could also open up Departments' finances to Select Committee scrutiny. That would send a clear message that the power of the Executive needs to be far more measured against the power of the legislature.

Let me move on to some aspects of the Bill that, in the main, I welcome. I start with part 6, which deals with courts and tribunals. We have heard from other Members, particularly the right hon. Member for Leicester, East (Keith Vaz), about the judicial appointments system. It is clear that the process of judicial appointments has been subject to substantial change in recent years, as the Lord Chancellor acknowledged when he mentioned that judicial appointments would be best left as they stood because the system had been changed only a couple of years ago.

However, there is a deeper issue than that in judicial appointments: how the current system is working. Only recently, we have seen substantial changes, with the Constitutional Reform Act 2005, which introduced a new Supreme Court and established the Judicial Appointments Commission. We then had the Tribunals, Courts and Enforcement Act 2007, which made changes to the eligibility criteria. Now we see another, more symbolic change, in clause 35, with the Prime Minister being removed from the process of appointment to the judiciary in England and Wales.

However, there is still a fundamental problem at the heart of judicial appointments: the backlog that has developed in the appointment of judges and recorders in particular. We know that there is a shortage of judges in our courts, particularly in the family division. I declare an interest as a non-practising barrister at the family bar. It is clear that we are short of good, well-qualified family judges, but we are also just short of family judges. The slowness of the process has dragged things out to the point where a lot of extremely high-calibre candidates are waiting to go through the selection process to be appointed to the bench. If things are not brought forward, they may feel frustrated and we would miss out on their great service.

Mr. Straw: I should like to say two things to the hon. Gentleman about the judicial appointments process, one of which I should perhaps have said earlier. Although there have been criticisms, which I have echoed, about the process and about the lack of diversity, I think that everyone accepts that the quality of the selected candidates is as high as it ever was. That is of critical importance.

Secondly, the hon. Gentleman obviously has experience of the family Bar, and if he has reasonably good evidence—it does not have to be cast-iron evidence—of delays or of how the system has operated unacceptably or been disruptive in the way that he has suggested, I would be pleased to hear from him. The chair of the Judicial Appointments Commission, Usha Prashar, is concerned—as are the Lord Chief Justice and I—to ensure that, even though the system has certain delays built in, we must make it work as swiftly as possible to avoid all the frustrations to which the hon. Gentleman has referred.

Mr. Timpson: I would be very happy to write to the Lord Chancellor with a specific example from two of the circuits on which I have practised in the recent past.

[Mr. Timpson]

I would add that we have recently seen a 47 per cent. increase in the number of care applications to the family courts, and that that is putting additional pressure on the system. We need to be able to make the appointments when necessary on a regular basis, as well as to predict any rush of applications that would necessitate greater judicial input. That would ensure that we were able to remain ahead of the curve, rather than simply reacting to the situation, as is often the case in the courts system. I will be happy to write to the right hon. Gentleman on that issue.

It is important that we have judges who demonstrate diversity, high quality and, of course, independence. I therefore welcome the review of judicial appointments to ensure that we have as robust a system as possible, to give us not only the best candidates but enough candidates to keep the judicial system running as efficiently as possible.

There are small measures in the Bill with which I certainly do not disagree. They will provide a practical message in regard to what has been happening in reality and to the appointment of the judiciary through the Lord Chancellor's services, as it will now be, as opposed to through the Prime Minister. In many respects, I am more interested in the review that is now taking place to ensure that the system works as efficiently as possible.

I also want to touch on part 1 of the Bill, which for the first time will put the civil service on a statutory footing. Some might say that we have waited quite some time for this measure—since 1854, in fact. I put it to the Minister of State, Ministry of Justice, the right hon. Member for North Swindon (Mr. Wills), that it is such a symbolic change, as well as a fundamental one, that it is surprising that it was meshed with other measures rather than put in its own, stand-alone civil service Bill. We should have had a separate Bill, but if the provisions are here in this one, they should be supported. They enshrine the core values of the civil service, and will go some way towards protecting its independence.

The provisions leave the door open on the issue of retribution towards whistleblowers in the civil service, however. That issue was touched on earlier, and I hope that we will be able to discuss it in Committee, to determine whether the right protections and independence are available to all members of the civil service, particularly when those actions are taking place. The provisions are an important part of the Bill and, although I would have liked to see a stand-alone civil service Bill, I welcome the fact that the Government have moved forward in this way.

Julie Morgan (Cardiff, North) (Lab): Does the hon. Gentleman agree that most civil servants are absolutely delighted that this is finally happening? Does he not wholeheartedly welcome the fact that, although it has taken many Governments and a long time to reach this spot, we have finally reached it?

Mr. Timpson: As I have said, it is an extremely important part of the Bill. The provision is long overdue, but I agree with the hon. Lady that putting the civil service on a statutory footing represents an extremely important step forward for civil servants. My point was that because of its importance it should have the status of a stand-alone Bill, so that when we look back through the legislation, we have something to hang our hat on and say, "That was the Act that set in stone the statutory footing of the civil service." It should be enshrined in that way. We will have to make do, however, with what we have got.

The Bill is modest and could have gone so much further. Indeed, the Justice Committee itself deemed it a disappointment in not going further. We have heard from many Members this evening about the opportunities that the Bill has missed. There remains concern that it will still be hard to get all its provisions on to the statute book, but that should not stop us from trying to get some important measures through. I hope that we can develop some of these arguments further in Committee. I join the Lord Chancellor in looking forward to the untimed Report stage, which I know he has committed himself to. I hope that it will give us enough time to debate some of the wider measures discussed this evening more fully on the Floor of the House.

8.36 pm

Mr. Philip Dunne (Ludlow) (Con): I rise to cover two aspects of this subject—one included in the Bill and one not. Let me start with part 7, which deals with arrangements surrounding the Comptroller and Auditor General. I had the pleasure and privilege of serving on the Public Accounts Committee for two years, so I have some familiarity with the splendid work undertaken by the Comptroller and Auditor General and by the National Audit Office, which supports him. I believe it is appropriate for this Bill to cover some of the arrangements for the hiring and firing—if that is the right way to put it—of the Comptroller and Auditor General, so I welcome part 7.

Needless to say, the Bill appears to have missed one or two aspects, which the Lord Chancellor, who I see in his place, may be able to pick up in case I have misinterpreted the clauses that relate to my concerns. The first is the appointment itself. Clause 37 covers eight aspects of the office of the Comptroller and Auditor General and subsection (7) states that the

"person appointed holds the office for ten years."

It is entirely appropriate to have a time limit on the appointment, because, although I am not casting aspersions on previous incumbents, it became apparent that there was no time limit only when Sir John Bourn reached an age when people were starting to wonder whether there was an appropriate point for him to retire; he decided to do so when he was, I think, 74. Having a 10-year appointment is thus entirely appropriate. The question it gives rise to is: in what circumstances should an incumbent retire?

Provision is made for the incumbent to offer his own resignation, and Her Majesty, through an address from both Houses of Parliament, can also accept his removal and replacement by somebody else, but there is also a third eventuality, which the Bill does not address. That is that, if the incumbent reaches a certain age and becomes infirm, soundness of mind might become an issue—perhaps not to the incumbent, but to those who have to work with him or her. I have found no provision in the Bill for that to be taken into account with regard to a figure of such seniority within the accountability structure of the civil service and Government of this

country. If the Lord Chancellor has any inspiration while I am speaking, or perhaps later, during the wind-up speeches, he might like to address that point.

The second issue I want to deal with relates to clause 38(8).

Mr. Wills: If the hon. Gentleman looks at clause 41, which is headed "Resignation or removal of the Comptroller and Auditor General", it might set his mind at rest. It states:

"Her Majesty may remove from office the person who is the Comptroller and Auditor General on an address of both Houses of Parliament."

That is an accepted procedure that also applies to other senior posts, so I hope that it provides the hon. Gentleman with some reassurance.

Mr. Dunne: I have read that clause, and I referred to it earlier, but if the Minister is telling me that that is the form of words used for dealing with the eventuality that I identified, I take some reassurance from what he has said.

The Minister may well be able to help me with my second concern, too. As I was saying, it relates to clause 38(8)(b)(iv), which requires

"the National Audit Office to monitor the carrying out of the Comptroller and Auditor General's functions".

Unless the Bill envisages a change in the relationship between the Comptroller and Auditor General and the National Audit Office, what the clause suggests is that the National Audit Office—of which the Comptroller and Auditor General is, in effect, the chief executive—should be the body to monitor the effectiveness of its own chief executive. That seems to me to set up a relationship that could give rise to conflict and confusion. In most organisations an entity other than the chief executive monitors the chief executive's performance, and that entity is normally the board or governors of an organisation rather than the body of which he is chief executive. Again, I may be missing something, but I invite the Minister to respond to that concern as well.

The third aspect of the relationship about which I feel some concern appears in clause 38(8)(b)(vi), whereby the National Audit Office and the Comptroller and Auditor General are charged with developing a code of practice that deals with their relationship. Here we have the National Audit Office monitoring its own chief executive, and having to agree with that chief executive the code of practice according to which it would undertake its monitoring role. The provision seems to me to have been ill thought through, and I hope that either the Minister will explain what it means this evening, or an explanation can be given in Committee.

I am also concerned about omissions from the Bill that relate to British citizens living overseas. Two particular categories concern me. The first consists of those who are already disfranchised by our present arrangements for participation in general elections in this country. Those who have lived overseas for more than 15 years are disfranchised, as the Minister mentioned when he appeared to be provoked by my intervention on the hon. Member for Cambridge (David Howarth) to point out that the issue had been discussed in the Chamber before. Indeed it has, but I think that the Minister may have been a bit hasty in leaping to his feet to deny that there were many people in that category, and to appear to deny that many other countries had more restricted arrangements than ours.

In the Minister's defence, I accept that it is hard to get a handle on the numbers. The Foreign Office will reply to parliamentary questions, as it has from time to time. I believe that it produces an annual estimate of the number of British citizens who live overseas, and it is around 13 million.

Mr. Wills: I am sorry if I have misunderstood the hon. Gentleman. Is he referring to people who are not on the electoral register because they have lived overseas for a certain period—which, under the existing provisions, renders them ineligible to be on the register—or is he referring to people who have a right to be on the register because they have not been expatriates for the period concerned, but the registration process has not caught up with them for some reason, and we have not been diligent enough in some respects? Which of those is the burden of his accusation, or is it both? If he can clarify what he has said, I shall be happy to give him as much reassurance as I can when I wind up the debate.

Mr. Dunne: I am grateful to the Minister, who is being very fair in trying to get to the bottom of my concern. The short answer is that both categories exist, and in fact there is a third, with which I shall deal later. At the moment, I am focusing on those who are already disfranchised as a result of decisions made in the House.

David Taylor (North-West Leicestershire) (Lab/Co-op): I may be about to repeat remarks I made in the previous debate to which the hon. Gentleman has referred, but I do not accept the 13 million figure. That seems to me to be enormous, and probably includes the £10-passage people from the 1950s. The number of ex-pats registered in a typical constituency is pitifully low, and of those who are registered the number who use their vote is lower still, so what is the point of this?

Mr. Dunne: I completely agree on both counts. The number of people who participate in our elections from overseas is pitifully low, but there are reasons for that, and they are built into the system we as a House have devised for allowing such participation. I shall come on to that.

The 13 million figure includes some 3 million to 4 million of British national overseas passport holders who received their passports at the time when the Hong Kong colony was handed back to China, so they can be struck out of the 13 million. That gets us to a figure somewhere under 10 million. That figure is made up of estimates provided by each of our principal missions overseas as to how many British citizens are resident in the countries where they are based.

Mr. Wills: This is an important point, and the hon. Gentleman will know from previous exchanges and correspondence with him and other Members that the Government take it extremely seriously. Every step we have taken in terms of electoral administration has been to make sure the register is as comprehensive and accurate as possible. Registration is key to that, including the registration of British citizens, wherever in the world they are, who are eligible to vote, subject to the statutes

[Mr. Wills]

of this House. As that is crucial, will the hon. Gentleman be clear about these figures, because they are huge? As my hon. Friend the Member for North-West Leicestershire (David Taylor) has said, they are very significant figures, and I hope the hon. Gentleman will agree that the methodology is also very important. I would therefore be very grateful if he would let the House know exactly what question he asked of those missions and exactly what the reply was, as well as what methodology they used to reach their estimates, and whether it was the same for each mission.

Mr. Dunne: I will be very happy to provide the Minister with the specific *Hansard* references for the parliamentary questions that were asked, but I do not have that information to hand at present. When he looks through his files and I provide him with the answer to his question, I am sure he will find that these estimates are made by foreign missions and given on an annual basis to the Foreign Office, which supplies the figures.

These are not the numbers of people who are eligible; I completely accept that. They are the figures for the overall quantum of British citizens estimated to be resident overseas at any one time. That includes both the currently enfranchised and those who have lived overseas for more than 15 years and who are therefore by current rules disfranchised. It is of concern to me that that large category of an indeterminate number of people—I think we can all agree that many of the foreign missions do not know how many people are resident overseas, but that they estimate the figure—is currently disfranchised from participating in domestic general elections or by-elections to this place. They are also, in most cases, disfranchised from voting in the national elections where they happen to live, so they are, in effect, electorally non-existent. That seems to me to be fundamentally unfair, unjust and not in accordance with the principles of democracy that this House likes to uphold. It is a great shame that that issue has not been addressed in the Bill.

The Minister said that many other countries have restrictions similar to ours in respect of the point of enfranchisement. I accept that the current rule is that if someone spends 15 years away they lose their right to vote. However, from answers to parliamentary questions and research I have conducted, I have found that not many other countries have voting rights more restrictive than ours. Within the European Union, I believe there are three: Malta, Cyprus and Denmark—and it is questionable whether Ireland has more restrictive rights than ours. That is a very small number of countries that provide a shorter period for which their nationals can continue to vote in their home country.

Mr. Wills: The hon. Gentleman is making an important point. I wonder whether he would remind the House that it has examined this issue on several occasions. He will be aware, from his careful research, that the House decided to vary the period after which expatriates are no longer eligible for registration. Will he remind the House of the arguments used to reach the current limit? Will he give his own assessment of the arguments made at that time?

Mr. Dunne: The arguments took place before I was a Member of this House. I have, of course, read some of the debates, but I do not think it would be right for me to rehearse all those arguments, because they range over a large number of topics. I should say that one of the main arguments used was that once people have left this country, they no longer pay tax here. That is not true; a large number of expatriates continue to pay tax in this country—for example, tax on their pensions or tax on property that they may have here. A large number of these people also have family connections here; even if they themselves have severed their links with this country, their families may well be educated here.

Mr. Francis Maude (Horsham) (Con): The Minister asks my hon. Friend what the arguments were when the House decided this. The Minister talks as if the House took a wholly free decision to reduce the period from 20 to 15 years. That is not how I recollect it; the Government produced a proposal and, as they had a majority in this House that was well into three figures, they drove it through. There was no suggestion that there was a free, independent and wholly uninhibited debate on the subject.

Mr. Dunne: I am grateful to my right hon. Friend for that comment. He has the benefit of having participated in those debates, whereas I do not. To develop my theme a little further, may I say that not only are the vast majority of EU countries much more liberal concerning the rights of their citizens to participate in their national elections—in essence, once a French citizen always a French citizen, and once a German citizen, always a German citizen, and, as such, those citizens are allowed to vote in their elections—but so, too, are other members of the OECD? The only country, aside from those that I have mentioned, to have more restrictive voting rights than this country is South Korea, and it has a particular reason for that.

Mr. Straw: Let me take the hon. Gentleman back to the point that my hon. Friend the Member for North-West Leicestershire (David Taylor) raised with him. Since this arrangement for overseas voting was first introduced—in, as I recall, the Representation of the People Act 1983—*[Interruption.]* Hon. Members say that that was done by consensus. I cannot remember what the final vote was, but I do recall some intense arguments in this House. This was at the high point of Baroness Thatcher's Administration and Labour Members were concerned—I make this point in a serious way—that along with the fiddling of unemployment statistics and much else besides, an effort was being made to fiddle the franchise. I shall return to the point very quickly, Mr. Deputy Speaker. In the event, the surprise for Members on both sides of the House has been—this applies to those who have been resident abroad for only three or four years, let alone 15 years—how few people have bothered to use this right. The proportion is far fewer than the 65 to 70 per cent. who turn out from a UK base.

Mr. Dunne: I am grateful to the Lord Chancellor for making that point, because it takes me on to the second category that I wanted to discuss, which comprises 2.5 million people who we believe are eligible to vote; the Foreign Office believes this and I accept its figures, although they are still estimates. I am talking about the

British expatriates who have lived abroad for less than 15 years. As he correctly says, a small proportion of that number participate in elections in this country, so I will return to the relevant question that was posed by the hon. Member for North-West Leicestershire. The reason why very few of those people participate is because we make it almost impossible for their vote to count. At the previous general election, in 2005, 17,000 British expatriates participated; I believe that that was more or less the number who were registered, so the turnout among those who had bothered to register was quite high.

Today—as at the last time of calculation—there are only 14,000 such people, as evidenced by a response to a parliamentary question. Only 14,000 people, out of 2.5 million, are registered. We have to ask ourselves why. The Lord Chancellor and his colleagues will say that it is because they have no interest—they have left the country, they cannot be bothered and they are no longer engaged with the political process in this country. It is possible that a proportion of the 2.5 million feel that way, and that that proportion is similar to the proportion of the domestic population who, regrettably, feel sufficiently apathetic about our election process and politics in this place not to participate in voting.

Let me explain one or two of the practical difficulties of participating in a general election in this country for those who happen to live abroad.

Michael Fabricant (Lichfield) (Con): Does my hon. Friend not agree that if one is living abroad, one feels a sort of disengagement and feels isolated from realpolitik in the UK? Despite the fact that so many people have Sky boxes—they are illegal, I might add—in Spain and elsewhere, they cannot feel involved and do not feel the need to get involved in a general election.

Mr. Dunne: As I was saying earlier—and as my hon. Friend will have heard—I think that there is a case for saying that some of our citizens abroad feel disengaged. However, I am not seeking to address that audience—I am seeking to point out to the Minister that the deficiency of this Bill is that it does not address the practical steps that could be taken by anybody who wants to encourage those who have the right to vote from overseas to do so.

Mr. Wills: The hon. Gentleman has been very generous in giving way, and I appreciate it. He raises an important point, which is difficult and complex. He is probably aware that 3 million to 3.5 million people in this country are eligible to vote but are not on the register. There are all sorts of problems with that, and it is enormously difficult. Most electoral registration officers are very diligent in trying to get everybody who is eligible on to the register. We have laid duties on them and given them new powers, more or less with the support of the whole House. Those duties include sending out regular canvass forms and making house-to-house visits. If we are to believe the Leader of the Opposition, we live in an age of austerity. I hope that the hon. Gentleman—perhaps he can confirm this—is not suggesting house-to-house visits for the 2.5 million expatriates to whom he has referred.

Mr. Dunne: I am certainly not, but I am very glad that the Minister raises that point. One challenge for any Administration, and for any individual electoral registration officer, is identifying where the people who are eligible to vote live. Were we to follow the practice that the Minister suggested that I might be heading towards, we would have to knock on the doors not just of expatriates but of everybody who happens to live abroad. We do not know where they live. The Foreign Office missions do not keep a full register of British expatriates resident in their country. Every ambassador to whom I have spoken on this subject—I have touched on it with a number of them—says, "If only we could have a system whereby we could identify where expatriates live." They would like to have access to such a system so that they could fulfil some of their statutory duties in the event of an emergency, or whatever.

We require our citizens overseas to register annually. Citizens within the country are, as the Minister has suggested, sent an annual reminder of who is on the register for their property, but those who are resident overseas are not sent a reminder. If they do not bother to register or if they are not prompted to do so by some diary note that tells them that their registration will fall due, they fall off the register. That is a major inhibitor to people remaining on the register. People have to register every year, whereas many other countries have registration that lasts for the duration of their Parliament or for a fixed period of time. Some countries have 10-year registration; I think that that would be innovative and would deal with the problem.

The second practical problem for expatriates is that they have to have their identity confirmed on the registration form by another British citizen who is also on the register. As we know from our earlier discussions, only 14,000 such people live overseas. Many people who might like to vote while living overseas cannot, because they cannot find anybody who meets the criteria and is eligible to certify that they are who they say they are.

The Government put forward a consultation on individual voter registration that was due to be published last June. We have not heard the results yet, so the debate has been moved not one step further. The fact that the Bill says nothing about voter registration is another deficiency, and a missed opportunity.

Expatriates have the benefit of a very clear identifier. I am not allowed to use audiovisual props in the Chamber, but I am holding a British passport in my right hand. It has a single-number identifier, and allowing expatriates to verify that they are British by use of their passport number would overcome the problem of identity confirmation. I accept that there are some data protection issues, but unfortunately the Government have chosen not to go down that route, even though it would make it easier for people to register and therefore to vote.

I have tried the patience of the House and Ministers perhaps a little too long this evening, so I shall end by saying that people abroad who register to vote have to do so remotely. Most do so by post, which works well in the UK. Participation in postal voting by citizens resident here is rising each year, and I welcome that.

Mr. Peter Bone (Wellingborough) (Con): My hon. Friend has not touched on the question of registration by service personnel overseas. At the last election, whole swathes of them were denied the right to vote. Does this Bill do anything to rectify that?

Mr. Dunne: I am grateful to my hon. Friend for referring to armed services personnel. The Government, with the Ministry of Defence and service chiefs, have taken steps to increase significantly awareness of voting

[Mr. Dunne]

among armed forces personnel overseas, but there is no doubt that operational risks are involved. We have all heard the rumours that British Forces Postal Services in theatre are at risk of being closed down for security reasons. That would mean that members of our forces currently serving in Afghanistan might well be denied a vote if a general election were to take place very soon. That would obviously be a tragedy; if possible, our servicemen and women should not be deprived of the opportunity to vote.

My point about postal votes for people overseas has to do with the date by which candidates are able to withdraw their nominations from the ballot. That date is so close to the day of the election that ballot papers cannot be printed—and therefore posted overseas—until 11 days before the ballot. The result is that ballot papers arrive overseas approximately one week before polling. Many people cannot be certain, therefore, that their ballot papers will get back to the relevant constituency in time to be counted, even if they sign them and put them back in the post on the same day that they receive them.

David Taylor: The hon. Gentleman is talking about the alleged difficulties of registration. However, my registration authority is one of many to register voters by text or email, so that is not a problem. Secondly, on the question of returning ballot papers, the fact that expats retain strong links with this country means that they will undoubtedly know people in the constituency where they are registered whom they can trust to cast a proxy vote.

Mr. Dunne: I agree with the first part of what the hon. Gentleman said, in that it would help if expats could register using modern technology. However, they are not allowed to, as they have to complete the form. My understanding is that the Electoral Commission does not allow electoral registration officers to accept registration from overseas by electronic means, because it is not satisfied with the present security arrangements. The technology is there, but it is not yet being used.

On the hon. Gentleman's second point, the evidence suggests that after five or 10 years, many people who move abroad may not have family or friends in the area they left. For instance, 18 or 19-year olds who go abroad to university may decide to stay overseas; although they might have been eligible to vote as teenagers, they no longer have people they can call on to exercise their vote for them.

However, the hon. Gentleman is right to say that a proxy vote is the only way that expat citizens overseas can be certain that their vote counts. Asking people to participate only by way of proxy invites them, in effect, to give away their vote. That is a difficult thing to ask people to do remotely.

I conclude by regretting that the Bill does nothing to ease the participation of eligible voters or to facilitate voting for many British citizens who are disfranchised at present. That is a great shortcoming and failure of fairness in the Bill.

9.5 pm

Julie Morgan (Cardiff, North) (Lab): I am pleased to welcome the Bill as a further stage in constitutional reform. This Government have a great record in bringing about constitutional reform, most notably in respect of devolution. When they came to power in 1997, one of the first things that I as a Welsh Member was involved with was bringing devolution to Scotland and to Wales. I remember feeling that it was an exciting occasion, notable for the fact that the Government were devolving power away from the central state. I was pleased to be here and to be part of that process.

As the Chairman of the Justice Committee said, it was easier to take that process forward in Scotland than in Wales, because in Wales there was less history of different bodies working together. There was strong support for devolution in Scotland, whereas in Wales people had to be convinced before they would agree to it. Since then, there has been much greater acceptance of devolution and a greater feeling that this is the right way for Wales to go.

Devolution has now been accepted in Wales, and a convention is in place and looking at future powers for the Welsh Assembly. There is nothing in the Bill that further extends powers to Wales, but I would like the Government to agree to a referendum on further powers if that is requested by the Assembly in future. The progress of devolution in Wales has been steady and is moving to the point where the people of Wales want more power over their own affairs. Although there is nothing in the Bill to take that further, I see it as a further step in constitutional reform.

Mr. Bone: The hon. Lady is making a powerful point about a missed opportunity. The Bill could have dealt with referendums, including one on increased powers for the Welsh Assembly. Could it not also have included a right to a referendum on the Lisbon treaty, for example, or on the European Union?

Julie Morgan: I thank the hon. Gentleman for his intervention. I would have liked the Bill to include provision for a referendum for Wales.

I shall deal briefly with two parts of the Bill, the first of which is reform of the House of Lords. Most parties in this Chamber support a wholly or almost entirely elected House of Lords. The measures in the Bill which relate to the House of Lords are another step in that direction. It is good that there will be an opportunity for Members of the House of Lords to resign their seats. Some Members of the House of Lords were called the people's peers. The history of their attendance and their involvement in the House of Lords suggests that some of them do not show a great deal of commitment to that House. They should have the opportunity to resign their seats. There are notable exceptions—in particular, Baroness Finlay of Llandaff, a close neighbour of mine in Cardiff, who has been an outstanding Member of the House of Lords and an outstanding people's peer. Others have also made huge contributions, but recent research shows a huge variation in that group's attendance, and there should be an opportunity for some to leave. Many such peers would probably like to leave, so the provision's inclusion in the Bill is a good thing.

The Prime Minister can appoint someone to the House of Lords to take up a ministerial appointment. It happens frequently and has always happened under all Prime Ministers, but there is an issue if that Minister resigns after a certain period but is left with a peerage

and a seat in the House of Lords indefinitely. That should be looked at. Many people who were appointed in that way were brought in because of their expertise, and they have a lot to contribute, but they may not want to take on the role of a Back-Bench peer, so the opportunity for them to resign will, again, be a very good thing.

Getting rid of the remaining hereditary peers is another step towards a wholly or almost wholly elected House of Lords, and I hope that that measure will be in all parties' manifestos at the next general election. It has taken a long time to reform the House of Lords, but there is one big block on any reform: the legislation has to go through the House of Lords itself. Reform has taken longer than many of us would have wished, but we have moved further down the road.

I turn now to the issue of the Prime Minister's ability to appoint people to the House of Lords as Ministers, and whether those Ministers should have to be Members of either House. Is there a case for the Prime Minister being able to appoint people who do not have to be Members of either House, but who could come to the House of Commons to account for their actions? It is unsatisfactory that Secretaries of State who sit in the House of Lords cannot come here to answer to us in the House of Commons, so certain things need to be looked at and there should be further change.

I made it clear in an intervention that I welcome the Bill's civil service provision. We have been waiting for a stand-alone civil service Act for some time, and the inclusion of the provision is a good thing. I particularly welcome the establishment of the Civil Service Commission and the requirement for appointments to the civil service to be open to competition and made on merit. It has become more customary in the civil service to advertise appointments externally, and more customary for people from the wider community to be able to apply. However, that is certainly not true of all appointments, and it is difficult to obtain a civil service that is representative of the population if many appointments depend on internal civil service recruitment. The range of women and people from black and minority ethnic communities in the civil service has improved in recent years. However, there is no doubt that the requirement that jobs should be openly advertised and open to competition, and specific efforts made to reach groups that are less well represented, is bound to improve the situation in the civil service by making it more representative of the country as a whole.

I welcome the Bill as another step in the constitutional reform that this Government have done so well on—it will take us further along that track.

9.15 pm

Mr. Francis Maude (Horsham) (Con): It is a pleasure to speak at the perhaps somewhat premature end of this debate, which has been reassuring to some extent but also slightly depressing. It has been reassuring because debates on Bills of this sort bring out the best in the House, in many ways, and the tone has been reflective, thoughtful and serious in addressing very important issues; but depressing because it has been poorly attended, especially by Labour Members, and because so much of it has been about what is not in the Bill, not what is in it.

That reflects what my hon. and learned Friend the Member for Beaconsfield (Mr. Grieve) said at the outset when he rightly dilated on the grandiloquent claims made by the Prime Minister at the inception of his premiership about how he was going to bring about a great constitutional renewal: he talked about a new settlement using very fine, splendid and high-sounding phrases. We have been through several iterations of draft Bills, White Papers and Green Papers along the way. As my hon. and learned Friend said, the mountain laboured and brought forth a mouse—not a ridiculous mouse, as the phrase generally has it, but a rag-bag in terms of constitutional reform. To adapt the phrase, it is a modest little Bill with much to be modest about.

We warmly welcome the civil service parts of the Bill, which are my principal concern. This legislation has been talked about for a very long time; I think that the commitment was made by John Major's Government in the late 1990s. It has been a long time in gestation, and here it is, given birth to at long last. We hope that it can come into effect shortly.

It is interesting how much of the debate was not about what is in the Bill, but what is not in it. The hon. Member for Cannock Chase (Dr. Wright), in a typically intelligent, temperate and thoughtful speech—he was very unpartisan in his approach, as we have come to expect—talked persuasively about the need to adopt a holistic approach as regards constitutional reform. He referred to the dangers of making piecemeal changes without giving sufficient thought to the ramifications of change and the interaction of different parts of our mysterious constitution, and the need to be looking at these changes in the round. We would all agree with that. We look forward with keen anticipation to the ex cathedra pronouncements from the Public Administration Committee, which he chairs, on the role of the House of Commons and its relationship with the Government.

The hon. Member for Cambridge (David Howarth) was another who talked about what the Bill lacks. As one would expect, he spoke about the need for electoral reform; we did not agree with him, but he made his case and we listened respectfully. He also talked about the hole in the Bill that might have been filled by provisions on party funding. The need for such provisions persists as strongly today as it did when the Hayden Phillips discussions were embarked upon three and a half years ago, when Tony Blair committed the Labour party to being willing to make the profound changes needed to tackle the abuse of union funding, which has made it difficult to make serious progress on party funding reform in the mean time.

I am sorry that I missed nearly all the speech of my hon. Friend the Member for Harwich (Mr. Carswell), but I suspect that he talked about the case he has eloquently been making for recall provisions for Members of Parliament. They may not always be comfortable with such provisions, but he is right to make the case for them.

There has been a certain amount of discussion about the provisions on House of Lords reform. The Lord Chancellor's defence of the proposals was interesting. I do not believe that anyone would claim that the current arrangements are in any way what we would want to start with. No one would design the system to look as it currently does. It is a vestige, a residue, of the unfinished reform of the second Chamber embarked upon by the Government 11 or 12 years ago.

The point is that the system was deliberately left as an untidy remnant, as an earnest of the intention to pursue full reform. It was meant to be an irritant, and it

[Mr. Francis Maude]

was deliberately and explicitly left in place as such by the then Lord Chancellor, Lord Irvine, to hold the Government's feet to the fire and ultimately make them deliver reform of the House of Lords. Parliament is entitled to treat it as a breach of good faith for the Government now to come along, without any justification or any serious case for the steps taken in the Bill being necessary, and remove the impetus on a Government to persist in pursuing long-term reform. The House is entitled to resent that.

I wish to say a little about part 1, which deals with the civil service and is effectively the first half of the Bill. We welcome it, and it is long overdue. The system that has existed for so long—a civil service that is independent and impartial, and to which an incoming Government cannot make wholesale, sweeping changes in personnel—is a great strength of this country. There has been a debate going on throughout my political lifetime, and I suspect for a long time before, about whether we should change that and introduce scope for much more appointment, along the lines of the American system. There, the senior echelons are removed and appointed by an incoming Administration. We do not believe that we should do that, because the system is capable of being made to work extremely well.

We are pleased that the Bill will entrench the duty of impartiality, and we accept and support the case that has been made that the existence of special advisers, who are now desirably to be controlled by a code protected by statute, provides civil servants with a protection against their impartiality being eroded by Ministers. However, if we are to put into statute an obligation on civil servants to be impartial, there should ideally be a symmetrical requirement on Ministers to respect that impartiality.

There were ripples of unease at the weekend when *The Sunday Times* reported that Lord Mandelson had sent a letter around Whitehall that appeared—I would always want to give the noble Lord the benefit of the doubt—to suggest that he was urging the civil servants who form the Government's communications operation to deploy what are effectively Labour party slogans in the sensitive period in the run-up to a general election. That would risk abusing civil service impartiality and it is right that the head of the civil service should treat very seriously any attempt to erode it. Governments will always test those boundaries—that is kind of in the nature of things—but it is important that the Cabinet Secretary, who is the head of the civil service, is robust in resisting it. If the Bill goes through before the general election, as we hope it will, there will be some statutory reinforcement of his role in protecting that impartiality.

It is important that we understand what is meant by this concept of impartiality. It obviously does not mean independence in the sense of civil servants being empowered to do what on earth they like. The obligation of impartiality is to deliver what the lawful Government of the day lawfully set out as their policies. It is important that Ministers listen to officials' advice. They should seek it confidently, and be willing to challenge and interrogate it. They are not obliged to take it, but they should always seek it and hear it.

I recently spoke about the episode in the life of this Government when the Prime Minister, when he was Chancellor of the Exchequer, sought to introduce his tax credits scheme. It is now well attested that officials in the Treasury and the Inland Revenue advised very strongly that his proposal could not be administered without risk of fraud, and almost more importantly, of very serious error. He persisted and said, "I don't care. This is my policy. You're the civil servants, you go and deliver it." He ignored the advice. The result was a system that has caused immense distress and human misery to hundreds of thousands of hard-working people on low incomes, who suddenly found themselves traumatised—that is not an exaggeration—when they received demands from the Revenue to repay several thousand pounds in overpaid tax credits.

Those hard-working people had done their best to do the right thing. That episode was the result of a Minister—an arrogant Minister, I would say—not listening to the advice that he was given by civil servants, who were not being political but were simply giving impartial advice about the effects of implementing a particular policy in a particular way.

Michael Fabricant: Does my right hon. Friend not illustrate the difficult balance that Ministers must strike? They quite rightly want to drive through Government policy, but at the same time they must listen to civil servants' impartial advice and to special advisers, who quite rightly will have the ideology of their party in mind, but not perhaps the practicality of implementation. That is why it is important that Ministers have the ability to make good judgments, which is difficult when they are given such contradictory advice.

Mr. Maude: My hon. Friend makes a good point. On the tax credits episode, the special adviser in the Treasury who was notoriously the intermediary between the Chancellor and Treasury officials, is now Secretary of State for Children, Schools and Families. He was described on the radio yesterday by his hon. Friend—that may be the wrong way to put it—the Member for Huddersfield (Mr. Sheerman) as a "bit of a bully". When pushed, he said, "Well, actually, he is a bully", not being inclined to wrap things up. That sort of arrogant approach is, "No, we know best, don't bother us with these pettifogging details about how to implement this, just go and do it." The consequence has been a lot of misery for many hard-working people and families on low incomes.

The hon. Member for Cannock Chase (Dr. Wright) referred to the article that appeared in *The Times* on Friday, which seemed to suggest, in a rather hysterical way, that we had secret plans—even though I had announced them, admittedly in the obscurity of the Conservative party conference, 10 days previously—that amounted to a politicisation of the civil service. That is absolutely not what our proposals would involve. I was heartened to say that the report of what I was apparently proposing received the endorsement of the hon. Member for West Bromwich, East (Mr. Watson), a notable blogger, who published in his blog on Friday a post headlined, "In praise of Francis Maude". I found that most encouraging—these days one welcomes praise and support from wherever they come. The hon. Gentleman is in a position to know as he was until recently a Minister in the Cabinet Office with responsibility for civil service matters.

It is important to stress that we are not talking about giving Ministers the uninhibited right to hire and fire civil servants. That would be in conflict with the provisions

and protections that will rightly be put in place by the Bill, but Ministers who are rightly accountable to this House for the conduct of their Departments must have the ability to ensure that their policies are delivered. This is not about hiring and firing officials, but about building on a broadly beneficial innovation that this Government introduced—the departmental boards. These did not exist when the Conservatives were last in government, and have since been introduced by this Government. It is a pity, however, if—as in most cases—these boards are attended only by officials. Some are or have been chaired by Ministers, and we think that that is the right approach, because by bringing together politicians and officials they provide an opportunity to create a genuine collective leadership that can be really powerful in giving direction, purpose and energy to a Department. The boards have non-executive members, but at present some 90 per cent. of departmental and public sector board members come from a public sector background. There is nothing wrong with that, but it is a missed opportunity to bring in non-executive board members with serious experience in running big commercial organisations. Such people would be able to transfer their skills and experience to interrogate proposals and check up on their implementability.

We have said that, in extremis, we would expect non-executive members of a departmental board to be able to recommend to the head of the civil service and the Prime Minister that a permanent secretary who was an obstacle to delivery of the Department's objectives should be removed. Without such a last resort power, the proposal would be seen to be window dressing, and the kind of people who could deliver great benefits for the taxpayer and the users of public services by improving their efficiency and quality would not be attracted to make that contribution.

Mr. Straw: I am listening to the right hon. Gentleman with care on this issue. I have not done a statistical analysis, but in the Foreign Office there were two non-executive directors, both drawn from the private sector and both very good. I am sure that, whatever the rubric said, had they thought that the permanent secretary, or indeed the Foreign Secretary, of the day was beyond the pale—which was in fact the opposite of the case—they would have told the Prime Minister and the Cabinet Secretary. I have also seen people with wider public sector experience who have been just as good. Surely the crucial point is not to take an ideological view. We need to look at the qualities that people can bring to these jobs, their independence of mind and their experience.

Mr. Maude: I agree with much of that, and I am delighted to have the Lord Chancellor's endorsement of our general approach. It is most heartening and encouraging. I accept that many of the non-executive board members are independent and have lots of experience, and that their presence is very beneficial. I certainly would not say for a second that we should not have people with a public sector background on these departmental boards or public body boards. There are many benefits to be had from that.

This is a time of great financial constraint, however, and it will be imperative for the Government dramatically to sharpen up their financial management. That constraint will definitely apply, whichever party wins the next election, and the Government will have to ensure that the taxpayers' scarce pounds are translated into the best possible public service. It would be a great wasted opportunity, therefore, not to recruit to those boards people who are used to driving change through big private sector organisations. At the moment, to a limited extent, that happens, but it could be much enhanced.

This has been an interesting, reflective and thoughtful debate. We are concerned about parts of the Bill, but are keen for it to make progress. We support it, therefore, but with some exceptions.

9.36 pm

The Minister of State, Ministry of Justice (Mr. Michael Wills): We have heard many serious and thoughtful speeches that have treated our constitutional affairs with the dignity and respect that they deserve. The right hon. Member for Horsham (Mr. Maude) made such a speech. I was particularly interested in his comments about the civil service, most of which we on the Labour Benches agree with. Sadly, the speech of the hon. and learned Member for Beaconsfield (Mr. Grieve) was not one of those serious and thoughtful speeches—my regret is sincere, because I have great respect for the hon. and learned Gentleman. I suggest to him that abuse is no substitute for argument, and his memory no substitute for the facts.

Mr. Grieve *rose—*

Mr. Wills: I shall substantiate my point.

Mr. Grieve: Will the Minister give way?

Mr. Wills: All right, I will.

Mr. Grieve: The Minister said earlier that I was wrong about the national anthem, but in fact I was spot on. Lord Goldsmith, who was asked by the Prime Minister to carry out a review of Britishness, recommended that we might wish to change our national anthem. In one clause of the review, he said that he felt that one of the verses from the 18th century might be regarded by the Scots as offensive. *[Interruption.]* Indeed, it might! It is all there. The Minister challenged me on that point, but I got my facts right.

Mr. Wills: It was out of great respect for the hon. and learned Gentleman that I tried to persuade him not to intervene on me on this point. Had he remained seated, he would have heard what those facts are. He said—I think *Hansard* will bear this out—that the Prime Minister, not Lord Goldsmith, made those comments. Had the hon. and learned Gentleman done a little more research, in the interim, he would have discovered that Lord Goldsmith, when he made those comments, was not a member of the Government. I ask the hon. and learned Gentlemen to listen to what No. 10 Downing street said, because he could have found it out just as well as I did before he made his speech. This is precisely what I meant. At the time of the review, Downing street said:

"This does not reflect the Government's views. We are proud of our national anthem and the traditions it represents".

Mr. Andrew Turner: Can the right hon. Gentleman explain how someone can be in favour of the words of the national anthem one day, as a member of the Government, and later be against them?

Mr. Wills: I have already made the point that the hon. and learned Member for Beaconsfield fundamentally misrepresented what the Prime Minister said on that subject. He could have checked it out, but he did not. Lord Goldsmith was reflecting views that were given to his independent commission.

David Howarth: Will the Minister give way?

Mr. Wills: I know that I have a bit of time, but I want to make some progress.

Mr. Andrew Robathan (Blaby) (Con): Go on!

Mr. Wills: No, I will not give way yet. I will give way many times, but—[HON. MEMBERS: "You've only just started."] I have indeed only just started and I will give way many times, but I want to address a fundamental point. We heard several times from Conservative Members, starting with the hon. and learned Member for Beaconsfield, that the Bill was a mouse—I think that "a modest Bill" is the phrase that the Conservative Whips put out and which was repeated many times. The substance—*[Interruption.]* I am only reflecting what Opposition Members said.

Mr. Timpson: Will the Minister give way?

Mr. Wills: No, I will not give way, because I want to address the point, if I may. I will give way to the hon. Member for Cambridge (David Howarth) and then to the hon. Gentleman when I have gone through this list, but first I would like them to listen to some facts, because facts were sadly absent from the speech that the hon. and learned Member for Beaconsfield gave. He spoke about 12 issues on which the Prime Minister made pledges in July 2007. Let me run through them.

The first is the power of the Executive to declare war. The draft Commons resolution on the processes for the deployment of armed forces has been the subject of extensive discussion. It has been prepared and will be presented shortly. On the power to request the Dissolution of Parliament, the Modernisation Committee is conducting an inquiry into Dissolution and recall, and quite rightly so. The Government proposed to the Committee in March 2008 that when the Prime Minister proposes the Dissolution of Parliament, he would have to have a vote on that in the House before it could go ahead, so there has been progress on that too.

On the power over the recall of Parliament, the Modernisation Committee—the correct place for this to be considered—is also conducting an inquiry. The power of the Executive to ratify international treaties without a decision by Parliament is dealt with in the Bill. On the power to make key public appointments without effective scrutiny, measures on that have already been introduced. Proposals on the power to restrict parliamentary oversight of our intelligence services were debated and approved in their entirety by the Commons on 17 July 2008. Proposals for an appointment procedure similar to that adopted by the Commons were also approved by the Lords without debate on 13 November 2008.

On the power to choose bishops, the Government have removed the Prime Minister from the process. There are proposals in the Bill on the power exercised in the appointment of judges. On the power to direct prosecutors in individual criminal cases, the Attorney-General has decided not to make key prosecution decisions in individual criminal cases except if the law of national security requires it. Powers over the civil services are dealt with in the Bill. On the Executive powers to determine the rules governing entitlement to passports, the Government have decided in principle that we will introduce comprehensive legislation on the procedures for issuing passports after an extensive consultation. Draft legislation will be published before that consultation.

Mr. Grieve: Will the Minister give way?

Mr. Wills: I will finish my comments on the 12 issues and then I will give way, but with all due respect to the hon. and learned Gentleman, he is third in line.

The courts already scrutinise the exercise of the royal prerogative of mercy. Twelve pledges were made, and 12 more or less fulfilled, as the record shows. The record speaks for itself.

David Howarth: There is a new meaning of "more or less" in there somewhere, because the provisions on the Attorney-General, for example, are not in the Bill and the document on the prerogative powers basically says, "It's all fine now." However, I want to return to the points that the right hon. Gentleman made to the hon. and learned Member for Beaconsfield about the national anthem. He did not answer the hon. and learned Gentleman's other point, about the fundamental debate about the national motto. Did that debate come to any conclusion? I thought at one stage that the national motto should be "Mustn't grumble."

Mr. Wills: I am saddened to see the hon. Gentleman, who is a distinguished lawyer and an intelligent man, falling into the same trap of getting his research from the *Daily Mail*. It has never been part of Government policy to introduce a national motto. The Government have committed to seeing whether we should have a statement of values, and we will do so through a series of deliberative events where the British people will decide. The party that the hon. Member for Cambridge represents is in favour of having such deliberative events and of a constitutional convention based on exactly the same deliberative principles in relation to the statement of values. I shall return to this matter later, because the hon. and learned Member for Beaconsfield mentioned a letter of mine earlier, and I want to share it with the House.

Several hon. Members *rose*—

Mr. Wills: I shall give way first to the hon. Member for Crewe and Nantwich (Mr. Timpson), then to the hon. and learned Member for Beaconsfield, then to the hon. Member for Perth and North Perthshire (Pete Wishart).

Mr. Timpson: May I take the Minister back to his suggestion that the term "modest Bill" had come from the Whips? I would like him to reconsider his position on that. He is welcome to look at my notes, which are in my own handwriting, and which contain the word "modest". On this occasion, I am going to take credit for that description, rather than the Whips.

Mr. Wills: Of course I accept the hon. Gentleman's word on that. It is a great tribute to him that the right hon. Member for Horsham adopted his terminology exactly; he obviously has a great future in his party.

Mr. Grieve: The Minister mentioned the power to give directions to prosecutors. He wants to have precision in these deliberations, and he must know that the Prime Minister's proposals were effectively watered down and discarded as a result of the intervention of the Attorney-General. To suggest that the end product amounts to what the Prime Minister originally proposed is complete and total nonsense.

Mr. Wills: With all due respect to the hon. and learned Gentleman, he needs to look at what the Prime Minister actually said, and what has actually been done.

Pete Wishart: We have heard about the national anthem and the national motto, but whatever happened to Britishness day? That issue has never been addressed. The concept was universally popular in Scotland, and I think that the proposed date was that of the signing of Magna Carta, which took place some 300 years before there was even a Britain. What has happened to Britishness day?

Mr. Wills: Personally, I have always been very much in favour of having such a day, and I would very much like to see it happen. I am pleased that the hon. Gentleman is obviously regretting its absence, although I am not altogether sure why he is doing so. Anyway, I would be happy to carry on that conversation with him. Right, does anyone else want to intervene? Not yet? Okay, very good. On we go.

The hon. and learned Member for Beaconsfield mentioned my letter to him about the deliberative events—[Hon. Members: "Read it out!"] I am going to read it out. I think that he referred to it as "hysterical". This is how it starts:

"Dear Dominic,

As always it was good to talk to you yesterday,"—

that is true; it is always good to talk to you, Dominic—

"but I am sorry you have ruled out participating in the deliberative events on a statement of values. The government's commitment is...to an innovative deliberative process which transfers the decision-taking from government to the people."

I then expressed regret that you were not taking part in this, and went on:

"Your refusal to take part in any way speaks of nothing but your party's unwillingness to engage constructively with the people we all serve on an issue that matters deeply to them. I regret this and, should you wish to change your mind,"—

I very much hope that the hon. and learned Gentleman will do so—

"you would still be very welcome to take part."

I now extend that invitation to you or to any of your colleagues who want to take part—

Mr. Deputy Speaker (Sir Michael Lord): Order. The Minister is continually using unparliamentary language.

Mr. Wills: I stand corrected, Mr. Deputy Speaker. I do apologise. I slipped from quoting from the letter into a direct address. I do hope that the hon. and learned Gentleman will reconsider his position on this matter. Other parties are taking part and he would be able to play a valuable role in the process.

My hon. Friend the Member for Hendon (Mr. Dismore), who is no longer here, raised a question about the public order provisions in the Bill, which I would like to address. He asked why certain conditions were not set out in the Bill, and I want to reassure him—I hope that he reads this in *Hansard* tomorrow—that schedule 4 is very explicit about the powers that the police will have to impose conditions on demonstrations. The only additional power that the police will have around Parliament, above and beyond those that they will have in the rest of England and Wales, is the power to impose conditions on a demonstration to secure access around Parliament. Clearly, there are concerns about this on both sides of the House, and I would like to say that the Government have an open mind on these questions and will continue to engage with the House authorities and any interested Members on them.

We heard a characteristically serious and radical contribution from my hon. Friend the Member for Cannock Chase (Dr. Wright). I would like to take this opportunity to say that he has made a huge contribution to this Government's programme of constitutional reform over the years. We have heard a lot of praise for it—not altogether universally for this Bill, but I believe that every Member who has contributed to the debate has recognised that this Government have engaged over the past 12 years on a very serious programme of constitutional reform—and, as I said, my hon. Friend has played a huge part in the reform.

My hon. Friend rightly pointed out that we do not have only organic change in this country, we also have decisive radical action. He is right about that, and I do not think that anyone would claim that this Bill represents a decisive moment in our programme of constitutional change, but that does not mean that it is not valuable or that everything in it does not play an important part in the continuing programme of constitutional reform. My hon. Friend rightly drew attention to the importance of measures on freedom of information, devolution and the independence of national statistics—and of course I agree with him.

The hon. Member for Cambridge made a serious speech. He talked about special advisers, so let me respond briefly on that subject. We should say that special advisers are already clearly governed by transparent terms and conditions of employment. As my right hon. Friend the Lord Chancellor said, it is important to note that any transgressions of those terms are punished, but that that does not invalidate their existence. This Government were the first to introduce and publish a model contract and code of conduct for special advisers that clearly sets out what they can and cannot do and their relationship with the permanent civil service.

We are going to table an amendment—this might be of particular interest to Scottish and Welsh Members—to make similar arrangements to those in place for our civil service in respect of special advisers for Scotland and Wales. Under the proposed amendment, the Minister for the civil service may publish separate codes of conduct for special advisers in the Scottish Executive and in the Welsh Assembly Government. Where separate codes are drawn up for special advisers in the devolved Administrations, the Minister for the civil service must consult the First Ministers for Wales and Scotland, who must in turn lay the relevant code before the National Assembly for Wales and the Scottish Parliament. I hope

[Mr. Wills]

that that addresses some of the concerns that I know have been raised in both Scotland and Wales about that matter.

Mark Durkan (Foyle) (SDLP): Northern Ireland is not referred to in the relevant part of the Bill. Was there any consultation with the office of First and Deputy First Minister; will the limits on the number of special advisers remain; and did the office of First and Deputy First Minister say that it did not want the system of annual reports on the numbers and costs of special advisers to be introduced for Northern Ireland as it is to be introduced for the other devolved Administrations?

Mr. Wills: As the hon. Gentleman is aware, in Northern Ireland it is a separate civil service and different arrangements apply, but this is obviously an issue that we can return to in Committee.

My right hon. Friend the Member for Leicester, East (Keith Vaz) also raised a typically serious point about engagement with the public. I would say that the public do not regard this as a road show, as it has been so derisively referred to by the Opposition. The public are pleased to be consulted on these matters, they think it is important for them to be consulted, and they think it is important for them to have a say in these matters. We are going to give them a say—and it is a great shame that the Opposition parties do not seem to share this view. *[Interruption.]* I hear a sedentary intervention coming from those on the Conservative Front Bench, saying "Name them." What I urge Conservative Members to do is to go on the Ministry of Justice website, where a recording of these events is available. They can then hear for themselves what members of the public think about these issues. If I were them, I would be a little more careful about questioning the public's judgment on these matters.

I note my right hon. Friend's support for the proposal on short-term peers, and the hon. Member for Chichester (Mr. Tyrie) also made an important contribution on the issue. We have noted his and other views; we will reflect on them and come back to report in due course.

My hon. Friend the Member for Cardiff, North (Julie Morgan) made an important point about House of Lords reform and the importance of devolution. I am very grateful to her for her contribution.

My hon. Friend the Member for Luton, North (Kelvin Hopkins) started to make some very important points about the civil service. I am sorry that he was cut short by ill health, and I wish him a speedy recovery. The right hon. Member for Berwick-upon-Tweed (Sir Alan Beith) also made some important points—about decentralising power—with which we agree. However, I take issue with him slightly over his assumption that decentralising power and diffusing it—which, in my view, is a wholly benign process—should involve only local authorities. Of course they are an important part of the process, but we also need to devolve power much more directly to people.

The hon. Member for Harwich (Mr. Carswell) made a characteristic contribution about the importance of direct democracy. The hon. Gentleman makes many very good points. He has clearly understood the mood of the British people, as I think all Members have, but I would caution him about being quite so cavalier as he sometimes is about jettisoning representative democracy. I was glad to note that on this occasion he put Parliament at the centre of any reform process.

In the context of direct democracy, it might behove all of us to reflect on the experience of California. As the hon. Gentleman will know very well, 100 or so years ago California was beset by a similar constitutional crisis when the people of that state began to lose trust in their political processes. In the end a raft of measures of direct democracy were introduced, including propositions and referendums. Very recently—just last week, I believe—the chief justice of California called the system dysfunctional. I do not think that a healthy, judicious introduction of measures of direct democracy—recall, for example—would in any way fundamentally compromise our system of representative democracy, but it is important that we do not jettison it.

A number of Members referred to the measures allowing peers to stand down and perhaps to stand again for election to the House of Commons. The Bill is designed to ensure that there is a framework allowing the House to deal effectively with discipline issues. We have seen the need for that in recent months, and I hope that everyone will be able to take advantage of it. It is right and proper, however, that in all other aspects of public life politicians are able to resign from office should that be the honourable thing to do, and we consider that the House of Lords should also form part of that process.

This has been a very useful debate. I think that the Bill is generally welcomed by Members in all parts of the House. The hon. Member for Ludlow (Mr. Dunne) returned to a subject that I know is dear to his heart, the registration of voters living overseas. As I intervened on his speech a number of times, I will not deal with all his comments again, but I want to make two points. At the end of his speech, he referred to the requirement to register annually. I think that that is a fair point, and I will look at it again constructively. He also referred to the need for an identity to be confirmed by passport.

The hon. Gentleman was intervened on by one of his colleagues, the hon. Member for Wellingborough (Mr. Bone), on the subject of service personnel, which I take very seriously indeed. I recently met representatives of service families to discuss how we could increase registration among service members. I have written to many Members inviting them to make suggestions, and I shall be very open to any ideas about how we can improve registration among service personnel, particularly at this time. I have offered a meeting, and I have not received many responses from Members so far, but I ask those who are actually listening to what I am saying—including those whose constituencies contain service personnel—to contact me with their suggestions.

We have had a very useful debate. I think that there has been a general welcome for the Bill, although many Members disagree with some of the detail and many believe that it should have gone further. This is not the end of the process, but the Bill is an important part of a continuing programme of radical reform, and I hope that the House will support it.

Question put and agreed to.

Bill accordingly read a Second time.

CONSTITUTIONAL REFORM AND GOVERNANCE BILL (PROGRAMME)

Motion made, and Question put forthwith (Standing Order No. 83A (7)),

That the following provisions shall apply to the Constitutional Reform and Governance Bill:

Committal

1. The Bill shall be committed to a Committee of the whole House.

Proceedings in Committee

2. Proceedings in Committee of the whole House shall be completed in four days.

3. The proceedings shall be taken in the following order: Clauses 1 and 2, Schedule 1, Clauses 3 to 19, Schedule 2, Clause 20, new Clauses relating to Part 1, new Schedules relating to Part 1, Clauses 21 to 25, new Clauses relating to Part 2, new Schedules relating to Part 2, Clauses 26 and 27, Schedule 3, Clauses 28 to 31, new Clauses relating to Part 3, new Schedules relating to Part 3, Clause 32, Schedule 4, new Clauses relating to Part 4, new Schedules relating to Part 4, Clauses 33 and 34, new Clauses relating to Part 5, new Schedules relating to Part 5, Clause 35, Schedule 5, Clause 36, new Clauses relating to Part 6, new Schedules relating to Part 6, Clauses 37 to 43, Schedule 6, Clause 44, Schedule 7, Clauses 45 to 49, Schedules 8 and 9, Clause 50, new Clauses relating to Part 7, new Schedules relating to Part 7, Clauses 51 and 52, new Clauses relating to Part 8, new Schedules relating to Part 8, Clauses 53 to 56, remaining new Clauses, remaining new Schedules, remaining proceedings on the Bill.

4. The proceedings shall (so far as not previously concluded) be brought to a conclusion at the moment of interruption on the fourth day.

5. Standing Order No. 83B (Programming committees) shall not apply to the proceedings on the Bill in Committee of the whole House.

Consideration and Third Reading

6. Proceedings on consideration shall (so far as not previously concluded) be brought to a conclusion one hour before the moment of interruption on the day on which those proceedings are commenced.

7. Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion at the moment of interruption on that day.

8. Standing Order No. 83B (Programming committees) shall not apply to proceedings on consideration and Third Reading.

Other proceedings

9. Any other proceedings on the Bill (including any proceedings on consideration of Lords Amendments or on any further messages from the Lords) may be programmed.—(*Mr. Watts.*)

Question agreed to.

CONSTITUTIONAL REFORM AND GOVERNANCE BILL (MONEY)

Queen's recommendation signified.

Motion made, and Question put forthwith (Standing Order No. 52),

That, for the purposes of any Act resulting from the Constitutional Reform and Governance Bill, it is expedient to authorise—

(1) the payment out of money provided by Parliament of—

(a) any expenditure incurred by a Minister of the Crown or the National Audit Office by virtue of the Act, and

(b) any increase attributable to the Act in the sums payable by virtue of any other Act out of money so provided, and

(2) the payment out of the Consolidated Fund of—

(a) amounts required for providing the remuneration packages of the Comptroller and Auditor General and the chair of the National Audit Office, and

(b) amounts payable in consequence of liability for breach of duty in relation to audits, examinations and inspections carried out as part of the Comptroller and Auditor General's functions.—(*Mr. Watts.*)

Question agreed to.

CONSTITUTIONAL REFORM AND GOVERNANCE BILL (WAYS AND MEANS)

Motion made, and Question put forthwith (Standing Order No. 52),

That, for the purposes of any Act resulting from the Constitutional Reform and Governance Bill, it is expedient to authorise—

(1) the imposition of charges to corporation tax in relation to transfers of property, rights and liabilities, and

(2) the payment of sums into the Consolidated Fund.—(*Mr. Watts.*)

Question agreed to.

CONSTITUTIONAL REFORM AND GOVERNANCE BILL (CARRY-OVER)

Motion made, and Question put forthwith (Standing Order No. 80A),

That if, at the conclusion of this Session of Parliament, proceedings on the Constitutional Reform and Governance Bill have not been completed, they shall be resumed in the next Session.—(*Mr. Watts.*)

The House proceeded to a Division.

Mr. Deputy Speaker (Sir Michael Lord): I ask the Serjeant at Arms to investigate the delay in the Aye Lobby.

The House having divided: Ayes 276, Noes 113.

Division No. 227] **[9.59 pm**

AYES

Abbott, Ms Diane
Ainger, Nick
Alexander, rh Mr. Douglas
Anderson, Mr. David
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barron, rh Mr. Kevin
Battle, rh John
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Benton, Mr. Joe
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Bradshaw, rh Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Butler, Ms Dawn
Byrne, rh Mr. Liam
Cairns, David
Campbell, Mr. Alan
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Clapham, Mr. Michael
Clark, Ms Katy
Clarke, rh Mr. Charles
Clelland, Mr. David
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Dean, Mrs. Janet
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Drew, Mr. David
Durkan, Mark

Eagle, Angela
Eagle, Maria
Efford, Clive
Ennis, Jeff
Etherington, Bill
Field, rh Mr. Frank
Fisher, Mark
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gardiner, Barry
Gerrard, Mr. Neil
Gilroy, Linda
Goggins, rh Paul
Goodman, Helen
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Havard, Mr. Dai
Healey, rh John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Humble, Mrs. Joan
Iddon, Dr. Brian
Illsley, Mr. Eric
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, rh Mr. Sadiq
Kidney, Mr. David
Killoyle, Mr. Peter
Knight, rh Jim
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGrady, Mr. Eddie
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh David
Miller, Andrew
Mitchell, Mr. Austin
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, rh Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Pelling, Mr. Andrew
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Jamie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, rh Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Speller, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Mr. John Heppell and Steve McCabe

NOES

Afriyie, Adam
Alexander, Danny
Amess, Mr. David
Arbuthnot, rh Mr. James
Baron, Mr. John
Beith, rh Sir Alan
Benyon, Mr. Richard
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brake, Tom
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Bruce, rh Malcolm
Burt, Alistair
Burt, Lorely
Campbell, Mr. Gregory
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Clarke, rh Mr. Kenneth
Crabb, Mr. Stephen
Davies, Mr. Dai
Dorrell, rh Mr. Stephen
Dunne, Mr. Philip
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Foster, Mr. Don
Francois, Mr. Mark
Fraser, Christopher
Garnier, Mr. Edward
George, Andrew
Gillan, Mrs. Cheryl
Goodwill, Mr. Robert
Green, Damian
Grieve, Mr. Dominic
Hammond, Stephen
Harper, Mr. Mark
Hayes, Mr. John
Heath, Mr. David
Hemming, John
Hollobone, Mr. Philip
Holmes, Paul
Howarth, David
Howarth, Mr. Gerald
Howell, John
Huhne, Chris
Hunter, Mark
Jones, Mr. David
Kawczynski, Daniel
Kennedy, rh Mr. Charles
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lamb, Norman
Lancaster, Mr. Mark
Laws, Mr. David
Lebrin, rh Mr. Oliver
Lewis, Dr. Julian
Lidington, Mr. David
Lloyd, Mr. Ellyn
Luff, Peter
MacNeil, Mr. Angus
Mason, John
Maude, rh Mr. Francis
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick

Mitchell, Mr. Andrew
Moore, Mr. Michael
Mulholland, Greg
Mundell, David
Ottaway, Richard
Price, Adam
Randall, Mr. John
Reid, Mr. Alan
Rennie, Willie
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robinson, Mrs. Iris
Rogerson, Dan
Rosindell, Andrew
Russell, Bob
Sanders, Mr. Adrian
Smith, Sir Robert
Spink, Bob
Stanley, rh Sir John
Stunell, Andrew
Swayne, Mr. Desmond
Thurso, John
Timpson, Mr. Edward
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Walter, Mr. Robert
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Williams, Hywel
Williams, Mark
Williams, Stephen
Willott, Jenny
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Noes:
Mr. Roger Williams and Jeremy Wright

Question accordingly agreed to.

Business without Debate

DELEGATED LEGISLATION

Mr. Speaker: With the leave of the House, we shall take motions 7 to 11 together.

Motion made, and Question put forthwith (Standing Order No. 118(6)).

CAPITAL GAINS

That the draft Double Taxation Relief and International Tax Enforcement (Guernsey) Order 2009, which was laid before this House on 17 June, be approved.

That the draft Double Taxation Relief and International Tax Enforcement (Jersey) Order 2009, which was laid before this House on 17 June, be approved.

That the draft Double Taxation Relief and International Tax Enforcement (Virgin Islands) Order 2009, which was laid before this House on 17 June, be approved.

CONSTITUTIONAL LAW

That the draft National Assembly for Wales (Legislative Competence) (Social Welfare) Order 2009, which was laid before this House on 25 June, be approved.

That the draft National Assembly for Wales (Legislative Competence) (Exceptions to Matters) Order 2009, which was laid before this House on 25 June, be approved.—*(Mr. Blizzard.)*

Question agreed to.

DELEGATED LEGISLATION

Ordered,

That the Motion in the name of Secretary Jim Murphy relating to Rule 56 of the Parliamentary Election Rules shall be treated as if it related to an instrument subject to the provisions of Standing Order No. 118 (Delegated Legislation Committees) in respect of which notice of a motion has been given that the instrument be approved.—*(Mr. Blizzard.)*

ACCESS TO PARLIAMENT (UNITED KINGDOM MEMBERS OF THE EUROPEAN PARLIAMENT)

Resolved,

That the Resolutions of the House of 30 January 1989 relating to House of Commons Services and 6 December 1991 relating to Access (Former members and United Kingdom Members of the European Parliament) shall cease to have effect insofar as they relate to United Kingdom Members of the European Parliament.—*(Mr. Blizzard.)*

REGIONAL SELECT COMMITTEE (WEST MIDLANDS)

Motion made,

That Dr Richard Taylor be a member of the West Midlands Regional Select Committee.—*(Mr. Blizzard.)*

Hon. Members: Object.

REGIONAL SELECT COMMITTEE (YORKSHIRE AND THE HUMBER)

Motion made,

That Mary Creagh be discharged from the Yorkshire and the Humber Regional Select Committee and Mr Austin Mitchell be added.—*(Mr. Blizzard.)*

Hon. Members: Object.

REGIONAL SELECT COMMITTEE (SOUTH WEST)

Motion made,

That Linda Gilroy be discharged from the South West Regional Select Committee and Roger Berry be added.—*(Mr. Blizzard.)*

Hon. Members: Object.

Power Cuts (North-West Kent)

Motion made, and Question proposed, That this House do now adjourn. — *(Mr. Blizzard.)*

10.18 pm

Mr. David Evennett (Bexleyheath and Crayford) (Con): I am very grateful for the opportunity to raise the important matter of power cuts in my borough of Bexley in north-west Kent in the week commencing 20 July. There are a number of issues that I would like to raise in relation to the event, the impact that it had on my constituents, the response of network operators EDF Energy, and matters that need to be considered going forward. I hope that the Minister will consider carefully the points that I will raise in the debate, as well as contributions from colleagues. These issues are of great concern in our area of south-east London and north-west Kent. Locally, there is great anger and concern about many aspects of the incident, as well as about how it has been dealt with and the consequences of the power cuts.

I am very pleased to see my neighbour, the hon. Member for Dartford (*Dr.* Stoate), in his place. His constituents were heavily affected by the power cuts, as were mine. I am also delighted to see my hon. Friend the Member for Hornchurch (James Brokenshire), as he has an active interest in these matters. My hon. Friend the Member for South Holland and The Deepings (Mr. Hayes) is also with us to listen to the debate this evening.

I shall begin by informing the House of the background to the debate and to the incident. At around lunchtime on Monday 20 July the power failed across our area. Subsequently we were advised that vandals had broken into an access point to the Dartford creek cable bridge and caused what was later described as malicious damage to the cable infrastructure. That affected supplies to 93,000 households in Bromley, Bexley and north-west Kent. Traffic and street lighting were also affected. Some households in the south of Bexley borough were cut off for a very short period before having their power restored, and experienced no further problems.

However, Bexley residents in Slade Green, Erith, Crayford, Bexleyheath, Barnehurst, Welling, Belvedere and Thamesmead, and residents in Dartford, were not so fortunate and suffered because of the prolonged power cuts. In the immediate aftermath, many contacted my office here in Parliament, seeking information about what had happened, as they were unable to find out much information.

James Brokenshire (Hornchurch) (Con): My hon. Friend is making a number of important points, of which a significant one is the issue of information and the inability to provide it in a timely and effective manner. Can he comment on his own experiences and those of others who, I have heard, felt that they were literally cut off, not knowing when the power would come back on or the cause of the power cuts, and feeling a sense of insecurity as a consequence?

Mr. Evennett: My hon. Friend makes a powerful point. I shall come to that a little later. There was indeed a feeling that people did not get information; they were cut off, they did not have the internet, and the recorded messages from EDF were not updated, which caused real concern.

The first contact that my office had was to say that there had been a power cut and that engineers were out working on the problem. Like my hon. Friend, I was appalled at the lack of information given to me and my constituents. It was not until the following morning, Tuesday, that we were advised of the severity of the situation. EDF subsequently reported that it was seeking to put residents on a power cycle, which meant that they would get three hours with electricity and six hours without, in order that some customers would have some power supplied.

EDF circulated information the next day about postcode sectors that would receive the three-hour bursts. It was at that time that the massive problem was identified, which would have a considerable impact across the area, particularly in Slade Green and Crayford. We established that, owing to the network infrastructure, power bursts could not be provided there. The consequences were massive, and I shall highlight them later in my speech. We were advised later on Tuesday 21 July that although some people were getting supplies, 10,000 were unlikely to get any power in the foreseeable future.

Those who were able to get information about the power cycles could limit the impact and plan ahead, but many more could not. Power would sometimes be restored to households in the middle of the night; some of the information about the power cycles was inaccurate; postcode sectors did not get the bursts that they were expecting until later; and some sectors never got them at all. Many were not able to make use of their three-hour cycle because they were at work or were out. It was not until 6.30 on Thursday morning that the vast majority had power restored.

The lack of information about the incident has been shocking. Only last night did EDF offer me a briefing note about the incident. Since the summer, its silence on the incident has been deafening. I have had responses only to letters and e-mails that I have sent, which says something about how proactive EDF has been.

Since the power failure, scores of constituents have contacted me about the incident, questioning how and why it happened, and the response of EDF. The company claims that the incident was caused by malicious damage to the network, and that therefore the power cut was not its fault. There is some truth in that statement. However, nobody has forgiven EDF for allowing it to happen. EDF's response to the incident was inadequate, as it clearly had no contingency plan in place for such an incident. It obtained some generators, but only the most vulnerable got power on the first night. It was not until the next day that more generators were in place. It attempted to contact sheltered housing schemes, and some it successfully did contact. However, it claims that owing to data protection laws it was unable to contact vulnerable network customers. Little was done to help people in tower blocks, and information that was provided online was not much use. I am really concerned about the lack of consideration that has been shown to my constituents, especially those in Slade Green and Crayford. In the worst examples, people were cut off for up to 70 hours. They did not receive generators or three-hour bursts.

The public meeting held at St. Martin's church in Barnehurst on Thursday 30 July, organised by the vicar, Rev. Gareth Bowen, was well attended, and the anger that people felt towards EDF for allowing the power cuts to happen and for its response was overwhelming and clear. We heard of problems that families had feeding and bathing their young children, of pensioners trapped in tower blocks because the lifts were not working and stairwells were not lit, and of thousands of people who went without hot water for days. In Britain in 2009, that is quite unbelievable. Bexley council's social service teams made the effort to contact as many known vulnerable residents as they could.

In most of the area, however, there was also financial loss as a result of the power cuts. Regrettably, many residents who shopped that weekend and had full freezers and fridges lost hundreds of pounds-worth of food. In addition, people had to have their alarms re-set at a cost to them. Even the Linkline alarm system in Bexley allegedly did not work for part of the time. Tropical fish were lost, and people have suffered considerable financial hardship. EDF got its response to the financial loss completely wrong. When challenged about recompense for the losses, its response was merely to refer people to their insurers. That has caused much anger, especially as the excess on most people's domestic policies is the same or more than the amount that they have lost. As a result of that advice, many people regard EDF as unsympathetic.

EDF has repeatedly told us that, as the power cuts were caused by malicious damage and exceptional circumstances, the usual rules relating to compensation or the electricity guaranteed standards scheme do not apply; that it does not have to pay; and that it had agreed as much with the regulator. However, that is now not so clear, as Ofgem, the regulator, is still awaiting the results of an independent audit of the cause of the accident. Under the guaranteed standards scheme, residents who went 18 hours without power would have been due compensation of £50 plus £25 for each additional 12 hours. However, EDF has offered only a one-off payment of £50 for those who were without power for 24 consecutive hours. That decision has been met with disbelief, and it has caused people to mistrust EDF. Many people see the offer as a way of limiting the amount that EDF has to pay out. My constituents feel that it was inadequate and unfair, and I have to agree.

EDF has written to all customers, advising them of the offer and telling them to apply for it by the end of the month, but the response to applications has been inconsistent to say the least. I have had constituents complain that they have not had a good-will payment, while their neighbour in similar circumstances has been granted it. Mr. and Mrs. Lee, of Crayford, attended my surgery last Friday. They have had to pay a call-out fee to fix their alarm and may have to pay more for further work. They also lost food and other things, and they alleged that they were advised on the phone that they would receive the payment. However, they were subsequently refused payment in a letter despite, they claim, other residents in the same street having received the money. I also have examples of people receiving the payment despite not meeting EDF's rules. One customer received the money without even applying—acquiring it in response to a letter of complaint rather than an application. That is unbelievable.

Another concern is the imbalance in the level of payments to different parts of the constituency. An address that was without 24 hours' power is getting the same level of payment as those who were switched off for three days. That is unfair. These inconsistencies are furthering the anger felt towards EDF. There are now suggestions that EDF may have been wrong to limit the payment to those without power for 24 hours. Ofgem has suggested that people make their claims under the guaranteed standards scheme under the 18-hour rule, despite EDF's claims. Ofgem is still deciding whether the event was exceptional and whether EDF should take some of the blame.

The deadlines for the good-will payment are imminent. I have outlined the concerns about what happened, and I would like to make a few suggestions about what needs to be done properly to address and acknowledge the impact that this has had on my constituents and others, and what can be done in the future to prevent such events from happening.

The first issue must be the apparent complete lack of security at the point where the incident took place. Yes, EDF is responsible for tens of thousands of miles of network and cables, but my constituents do not understand why vandals were able to get on to the site and cause so much damage. Why was there no alarm at the gate? Why was there no CCTV at the site to capture images? Why was there no back-up for the network? I was astounded by that lack of security. EDF now claims that it will undertake a security review.

The next point is about contingency. Why was EDF not prepared for this incident? Of course it did not vandalise the network, but better security could have prevented it. Contingency plans put in place for a large-scale network failure could have minimised the inconvenience and problems that my constituents faced. I am very concerned, too, about the problems faced by vulnerable people. It is shocking and worrying that EDF did not have a list of its more vulnerable customers. That needs to be looked into.

My final point is about the financial loss and the good-will payment. In Slade Green and Crayford, there are some very underprivileged people who are not able to sustain the loss of a week's or a month's supply of food and were greatly inconvenienced financially by losing it. It is clear that £50 is inadequate to deal with their loss. Does the Minister think that EDF can claim not to be responsible for such losses? Is he satisfied that the system of payments is fair and reasonable? What will he be looking for in providers such as EDF ensuring better security on the networks for which they are responsible? Does he believe that this incident falls outside the guaranteed standards scheme?

EDF failed to secure the site adequately, failed to implement adequate contingency measures after the incident, failed to assist large numbers of vulnerable people, failed to appreciate the problems they faced, and failed reasonably to recompense residents. I urge it to look at its good-will payments and think again.

10.33 pm

Dr. Howard Stoate (Dartford) (Lab): I thank the hon. Member for Bexleyheath and Crayford (Mr. Evennett) and the Minister for allowing me to contribute to this debate. As they will know, my constituents in Dartford

[Dr. Howard Stoate]

were particularly badly affected by this incident. Tens of thousands of houses were out of power for the full 64 hours and had no back-up power, not even intermittent supplies—absolutely nothing. The hon. Gentleman has eloquently set out the level of hardship felt by individual constituents, reflecting many of my own experiences, so I do not need to rehearse those.

When I wrote about this matter to Lord Hunt, Minister of State at the Department of Energy and Climate Change, he replied:

"The purpose of the Guaranteed Standards system is to encourage companies to provide acceptable standards of service, not to penalise them for events beyond their control."

That is fair enough, but equally it is not fair to penalise customers for events beyond their control leading to power cuts that have caused them great inconvenience, loss and hardship. Many people have lost well over £100-worth of food and other goods that are not covered by their policy excesses. Many of my constituents find it extremely hard to meet the extra costs involved.

Rather than bending over backwards to be fair to the power companies, we should remember that our first responsibility is towards ordinary customers in ensuring that they are treated fairly. Having seen the hardship caused to my constituents by these power cuts, I should like the exemptions to the guaranteed standards system to be scrapped altogether and full compensation to be paid to every customer who applies for it. Will the Minister review the current arrangements so that customers, who through no fault of their own, have suffered considerable hardship, are treated with at least equal fairness, and preferably with the balance of fairness in their direction? They deserve better than they have received.

10.34 pm

The Parliamentary Under-Secretary of State for Energy and Climate Change (Mr. David Kidney): I congratulate the hon. Member for Bexleyheath and Crayford (Mr. Evennett) on securing this debate on an incident that clearly caused much disruption to those who lost their electricity supply for a long period. This is a prime example of what an Adjournment debate is for—Members speaking up passionately on behalf of people in their area who have had a hard time, and in this case, seem to have been treated badly in the ways that he has described.

Like the hon. Gentleman, I understand that the incident in question is likely to have been caused by one or more people breaking into a locked chamber adjacent to the cable bridge over Dartford creek. While they were there, during the afternoon of Monday 20 July, a fire was started. If there is a difference between us, it is that I understand there is some suspicion that the intention of those who broke in was metal theft rather than simply to cause damage. Nevertheless, the fire then destroyed four 132,000 V cable circuits. As he said, that resulted in more than 90,000 customers losing their electricity supply.

There is an ongoing police investigation into the enforced entry to the bridge, and the police are of the mind that it was probably an attempt at cable theft. There has been a rise in cable theft in modern times, because of the high value of scrap metals, and the Department and the industry are aware of the problem and trying to make new plans and prepare better defences against the risk.

Within hours of the start of the incident, and once it became clear that the restoration of some customers' supplies would be protracted, EDF informed my Department, as it was legally obliged to do. EDF instigated its emergency plans and started the process of supply restoration. As the hon. Gentleman said, about 31,000 customers were quickly reconnected to unaffected parts of the network. Overnight, further limited emergency interconnection was made available, enabling supplies to be restored to a further 45,000 customers on the rota disconnection basis that he described. Rota disconnection is used when there is insufficient network capacity to supply all customers simultaneously, so that blocks of customers are connected for three hours at a time to share out the available network connection.

As the hon. Gentleman said, throughout the incident mobile electricity generators were deployed, with priority given to vulnerable customers and critical infrastructure. It was the largest deployment of mobile generators on the London network. The last remaining customers had their supply restored at 6.30 am on Thursday 23 July.

In parallel with the restoration efforts, there was continuous work to repair the cable bridge and replace one of the damaged cables, but 132,000 V cable jointing is a highly skilled and time-consuming process. To achieve what was achieved in less than three days was a considerable achievement by the staff involved, and they deserve credit for what they did.

EDF tells the Department that while customers were without electricity, it worked with local authorities—the hon. Gentleman confirmed that with his praise of local authorities—and enlisted the help of the British Red Cross to provide support for people in need. I give my thanks and praise to the local authorities and the British Red Cross for the contribution that they made.

As for my Department's involvement, we have an emergency response arrangement and Ministers were kept informed of the progress of the restoration. We offered assistance to EDF if it was required. Officials were in regular contact with EDF during the incident, and afterwards an official visited the site on 18 August to see the progress of the repairs and assess the security measures that were in place. It was found that the damage done to the door and lock was still visible, but the undamaged end of the bridge was found to be secure and in a good state of repair. Methods of improving security or modifying the network to prevent such incidents in future have been discussed with EDF, and those discussions are ongoing.

Electricity companies have a legal obligation to ensure that their network is designed and maintained to protect the public and consumers from the dangers of electricity and provide quality and continuity of supply. Those obligations are contained in the Electricity Safety, Quality and Continuity Regulations 2002, which have been amended since, and are enforced by the Department. Furthermore, those regulations require a report of all major supply interruptions to be made to the Secretary of State. Typically, there are fewer than 60 reportable interruptions a year, and this was one of the most significant, and certainly the longest, for many years.

The official who visited the site and discussed the incident with EDF is assessing whether there has been non-compliance with the regulations. A decision on that has not yet been announced. As a condition of their distribution licence, electricity companies are required

to secure customer supplies in the event of such a fault. The loss of four major circuits could be described as more onerous than the networks are designed for. The cable bridge was installed late in the 1950s, at which time incidents of cable theft and malicious damage were not likely to have been specific design considerations.

No electricity network can guarantee 100 per cent. supply reliability. There is an economic balance between the cost of the network and the degree of supply security, but in this country, electricity supplies are typically 99.998 per cent. reliable. Even with a good record on reliability, we must not be complacent. Between the Government and the electricity industry, emergency response arrangements are in place and are exercised regularly.

The incidents considered range from relatively frequent storm events to the extremely remote possibility of a complete national blackout. That means planning, training and exercising alongside those likely to have a stake in a potential crisis, including the energy sector, local and regional administrations, devolved Administrations, and other Departments and agencies whose interests would be affected and whose assistance would be needed in such an event.

Since the incident, EDF has placed 24-hour security at both ends of the bridge until additional security measures can be implemented. In the longer term, EDF is investigating the feasibility of rerouting some or all of the cables. A number of the methods being considered to achieve that would not have been a practical option in the 1950s when the bridge was built. An assessment is also being carried out to identify whether there are any similarly vulnerable parts of the network.

On compensation, in addition to the disruption caused to those affected by the incident, many will have suffered a financial loss. EDF tells me that it has offered a £50 good-will payment to any customer who was without electricity for more than 24 hours. Owing to the exceptional nature of the incident, EDF has claimed an exemption from the guaranteed standards of performance, in accordance with the Electricity (Standards of Performance) Regulations 2005. Performance regulations were introduced in 1991 under section 39 of the Electricity Act 1989 and have been regularly updated to reflect changes in the structure of the industry.

The regulations would provide larger payments to more customers if the exemption did not apply. That point was raised by my hon. Friend the Member for Dartford (Dr. Stoate). EDF certainly did not consult me on whether it should claim an exemption. I have asked whether I can object to it claiming an exemption, but apparently the regulations do not provide for that. My hon. Friend asked whether I would look closely at the regulations in future, and I certainly will.

I say this to my hon. Friend's constituents and those of the hon. Gentleman: any customers who lost their electricity supply and who dispute the application of the exemption are entitled to continue their dispute all the way up to the energy ombudsman, who would have to make a determination. Information on making a complaint to the ombudsman is detailed in EDF's complaints procedure, and on the energy ombudsman's website. For the sake of completeness, I should add that the address is www.energy-ombudsman.org.uk; and while we are all together, I thought it would be helpful to give hon. Members the number of the ombudsman's advice line, too: it is 03304 401624.

Mr. Evennett: That is helpful.

Mr. Kidney: Good.

The larger payments would be £50 for domestic customers or £100 for non-domestic customers who were without power for 18 hours, and there would be subsequent payments of £25 for every successive 12 hours without power. Those payments are intended not to compensate consequential loss, but to encourage electricity companies to achieve good restoration times for more routine fault events.

In addition to the exemption that EDF has claimed, it submitted an exceptional event claim against its Ofgem interruption incentive scheme targets. The hon. Gentleman spoke about that. The claim is still being assessed by Ofgem's independent auditors, to establish whether appropriate actions were taken to limit the severity of the event. From this determination, the immediate significance would be the effect on EDF's performance rating under the scheme; crucially, that would affect its regulated revenue. However, of course, if the ombudsman had to make a determination about the exemption, that might be relevant information to be taken into account.

While this was clearly a significant incident that caused major inconvenience to the customers affected, the recovery from it demonstrates that the electricity industry retains the capacity and expertise to respond to such emergencies. The hon. Gentleman asked me to consider four suggestions. The issue of security has come back to our notice because of the growing incidence of metal theft, and prompted by that, we were already considering whether new levels of security would be required. Like the hon. Gentleman, I wondered about CCTV cameras in this day and age.

I agree with the hon. Gentleman that the contingency plans of each energy company should be able to minimise inconvenience. I stress the extent and scale of this incident, and the staff who acted to put things right as quickly as they could did a good job. However, the hon. Gentleman does not think that the arrangements with the local authority and the Red Cross for the identification of vulnerable people so that they could be helped were sufficient, and so we will need to look at that some more. On the issue of compensation, I hope that the hon. Gentleman will have found the general comments that I made helpful.

My Department takes the lead for the Government on resilience in the energy sector. We take our responsibility very seriously, including by having regular reviews of preparedness and a programme of exercises. Our review of the causes of this incident and the lessons to be learned from it is ongoing, and I assure the hon. Members who have taken part in this debate that we shall make available the findings of that review, and take action on any recommendations.

Question put and agreed to.

10.46 pm

House adjourned.

House of Commons

Wednesday 21 October 2009

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

INTERNATIONAL DEVELOPMENT

The Secretary of State was asked—

Sri Lanka

1. **Mr. Jim Cunningham** (Coventry, South) (Lab): What his most recent assessment is of the humanitarian situation of refugees in Sri Lanka; and if he will make a statement. [294269]

The Parliamentary Under-Secretary of State for International Development (Mr. Michael Foster): Two weeks ago, I visited Sri Lanka to see for myself the situation of the 250,000 internally displaced people detained in camps. Conditions have improved there compared with my previous visit in April, with basic needs such as food and shelter being met. However, health care and humanitarian access remain inadequate and we are concerned about military oversight of the camps and family separations. We also believe that conditions will deteriorate during the monsoon season, which is about to start. While I was in Sri Lanka, I repeated the United Kingdom's call for freedom of movement for all the IDPs so that they can go back to host families, relatives or their places of origin.

Mr. Cunningham: May I ask my hon. Friend whether he has been able to get a time scale for the Tamils to go back to their homes in Sri Lanka? Also, how has the aid been distributed?

Mr. Foster: The Government of Sri Lanka were committed to having 80 per cent. of those detained in camps going back to their places of origin by the end of the year. To facilitate that process, I am pleased to announce today an allocation of £500,000 to the HALO Trust for mine surveillance and de-mining in the Mullaitivu area. That work has started and will make the area safe for homes and for land use for the people who were put in the camps.

Mr. Lee Scott (Ilford, North) (Con): Will the Minister look into whether further pressure can be put on Sri Lanka by the Commonwealth? If Sri Lanka continues not to let people return or go home from the camps, perhaps it should be suspended from the Commonwealth.

Mr. Foster: It is important that the international community makes clear its position with regard to the number of people still in the camps and the importance of freedom of movement. We believe that that is happening, but, as far as the Commonwealth's position is concerned, I know that the Government of Sri Lanka are keen to host the Commonwealth Heads of Government meeting in a couple of years' time. That might have some bearing on their response to the developments for people who are in the camps.

Siobhain McDonagh (Mitcham and Morden) (Lab): May I thank the Minister for his statements and for his visit to Sri Lanka on behalf of my Tamil constituents? May I also ask his Department to support the EU Trade Commissioner's GSP—or generalised system of preferences—plus report, which was issued on Monday, to ensure that preferred status will be withdrawn from Sri Lanka should things continue as they are?

Mr. Foster: My hon. Friend has long been an advocate for her Tamil constituents and I applaud her for her commitment. As regards the GSP plus and the announcement made this week by the European Commission, there is a process that should be followed to maintain the integrity of the GSP plus system. We believe that in the meantime the Government of Sri Lanka should look at the findings and act on them swiftly.

Malcolm Bruce (Gordon) (LD): As someone who visited the camps earlier this year, along with you, Mr. Speaker, I welcome the Minister's report on the basic conditions in the camps. Does he agree with me, however, that the Sri Lankan Government would better serve their interests if they gave full unrestricted access to the camp to the media and all the agencies and fulfilled their promise to allow people to return home before Christmas? What are the chances of that happening?

Mr. Foster: The right hon. Gentleman knows the situation well from his own experience and from his experience as Chairman of the Select Committee. I agree entirely with his assessment that it is in the Government of Sri Lanka's interest to allow open access to the media. During the visit that I undertook two weeks ago, I had people from the BBC with me. It had full access to camps and individuals within those camps to do whatever reporting it felt necessary. Let me give the right hon. Gentleman an indication of the scale of the transfer that is needed. We have had a request from the International Organisation for Migration for transport assistance to help 41,000 people from the camps go back to Mannar, Mullaitivu and Kilinochchi, in addition to the 32,000 who we know left the camps in September.

Mr. Eddie McGrady (South Down) (SDLP): I had the very distressing experience with the all-party group of visiting the camps at Menik farms zones 2 and 3 at Vavuniya. In spite of that distressing aspect, there was an uplifting side to the visit because of the attitude of the people and their hope for the future. Will the Minister ensure that any aid that is forthcoming from the Government is directed primarily at the welfare of the people in the camps and their displacement back to their own homes, which have been out of reach, to be joined with their families? Secondly—

Mr. Speaker: Order. I do not wish to be discourteous to the hon. Gentleman, but I think that one question will do.

Mr. Foster: When I was in Sri Lanka, I made it clear to the Government that from the end of this year, when the monsoon season was brought to a conclusion, we would no longer be funding aid for closed camps and that our aid would be directed towards facilitating movement from the camps. That includes the de-mining to which I have referred and means that I can announce £250,000 for predictable, safe and dignified transport for people from the camps back to host communities, as well as a further £220,000 to the Food and Agriculture Organisation to provide bushels of rice seeds to enable people to have a decent livelihood when they get back to their homes.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): The Minister has confirmed this morning that a package of rehabilitation measures is being put in place by the Department. That is welcome, but he has also confirmed that emergency aid will be redirected away from the camps. The Government also voted against the $2.5 billion International Monetary Fund package in July and are now considering ending the EU's special trade privileges that the hon. Member for Mitcham and Morden (Siobhain McDonagh) mentioned. Is that really the most constructive way to persuade the Sri Lankan Government to promote a long-term reconciliation process, and to meet their stated pledge that 80 per cent. of displaced people should be returned by Christmas? That is what members of the Sri Lankan diaspora, and all Sri Lankan people in the UK, desperately want.

Mr. Foster: We were speaking up for all the people I saw in the camps two weeks ago. It was clear that they wanted to be returned to their homes as quickly as possible, but the nature of the closed camps, with their restrictions and military oversight, is wholly wrong. That is why our assistance will be geared to the de-mining, transport and livelihood programmes, as they will enable people to move safely and securely from the camps back to their homes, where they will be able to get on with their lives. I think that that is what the diaspora community here in the UK wants to hear.

East Africa

2. **Mr. Andy Reed** (Loughborough) (Lab/Co-op): What steps his Department is taking to alleviate food shortages in east Africa. [294270]

7. **Mr. Laurence Robertson** (Tewkesbury) (Con): What recent assessment he has made of levels of availability of food in east Africa; and if he will make a statement. [294275]

The Minister of State, Department for International Development (Mr. Gareth Thomas): My right hon. Friend the Secretary of State recently announced an extra £39 million of additional humanitarian assistance to the region, bringing our total contribution this year to some £83 million. That will help to supply food aid, emergency nutrition, water and sanitation, and will be delivered by the World Food Programme and UNICEF, and agencies such as Oxfam and Médecins sans Frontières.

Mr. Reed: I thank my hon. Friend for that reply, and for the additional moneys that he has announced. However, he will know that it is 25 years since the first Band Aid concert brought the Ethiopian food crisis to our attention. Local Tearfund visitors say that even the weeds are not growing in some areas. This is a long-term problem, not just a short-term one. Will the Minister describe the specific steps that he is taking to address the long-term climate change issues affecting the region, and Ethiopia in particular, as well as the immediate food programmes that are so desperately needed?

Mr. Thomas: My hon. Friend makes an important point and I congratulate him on his work with Tearfund and other similar aid agencies in his constituency. He will recognise that we are in a very different place now from where we were some 25 years ago. There has been a substantial increase in the numbers of people getting help. The proportion of people in Ethiopia in need of emergency assistance is lower than 25 years ago, not least because of some of the support that we have provided through in-country productive safety net programmes and humanitarian assistance. We continue to work with African leaders to make sure that their voices are also heard in the climate change negotiations that are under way at the moment, and which we desperately hope will lead to a new global deal to replace Kyoto.

Mr. Robertson: Ethiopia is one of the worst affected areas. The Government have provided welcome emergency relief, but the hon. Member for Loughborough (Mr. Reed) made a good point when he spoke about the long-term problems. I spoke to the ambassador just a few minutes ago, and he stressed the importance of providing development aid. I understand that Ethiopia receives a smaller proportion of such aid than a number of other countries in the region. Will the Minister look at what can be done to provide the financial and technical assistance to Ethiopia so that these terrible famines do not keep happening?

Mr. Thomas: We continue to provide a substantial assistance programme to Ethiopia. I hope to visit the country shortly to see for myself the challenges the hon. Gentleman describes. When we published the White Paper in July we set out our determination to do all we can to help developing countries such as Ethiopia increase agricultural production. We are therefore increasing our research budget for the types of crops that can survive climate change and so prevent people from needing emergency support. We also want to put further investment into the type of social protection schemes that are already making a difference and preventing people from needing emergency assistance. We are determined to provide more humanitarian assistance, and will keep up the pressure on other international donors to do more to help countries like Ethiopia, and other countries in the region as well.

Ms Sally Keeble (Northampton, North) (Lab): Does my hon. Friend agree that children who are hungry in east Africa face particular problems? Will he therefore commend the work of the Schools for Africa School Meal Deal, and the School Food Trust's Really Good School Dinner campaign? They provide practical support for children in school and community-based feeding schemes and also persuade children here about the importance of providing long-term support for children in developing countries.

Mr. Thomas: I certainly will praise the work of the organisation that my hon. Friend describes and has worked with. I know that my right hon. Friend the Secretary of State, who attended the launch of the programme that my hon. Friend describes, was also impressed by its work. My hon. Friend will be pleased to know that we continue to work closely with organisations such as UNICEF which provide support to help to make sure that children are not forgotten in the delivery of emergency assistance, and that we help to tackle the levels of malnutrition that still exist among children in the region.

Mr. Michael Moore (Berwickshire, Roxburgh and Selkirk) (LD): The situation in east Africa, particularly in Ethiopia, is dire. We welcome the additional support that the Government have offered to the Governments there but, as the hon. Member for Loughborough (Mr. Reed) highlighted, it is 25 years since the famine that killed a million people. Is it not a scandal that the World Food Programme has barely half the funding that it needs to feed the 100 million people it estimates are starving, and is it not time to stop relying on emergency appeals and get proper funding in place for that programme?

Mr. Thomas: As I said in my answer to my hon. Friend the Member for Loughborough (Mr. Reed) and other Members, we accept that a series of steps need to be taken. We have to continue to provide emergency assistance to organisations such as the World Food Programme, and indeed we continue to campaign internationally for more humanitarian assistance to be provided. At the same time, we need to put in place a series of further long-term steps to help to increase agricultural production in countries in east Africa and elsewhere so that they can better tackle their own needs, thereby preventing the need for emergency assistance. We have said that we will increase our agricultural research budget, but we also continue to put pressure on other donors, some in Europe and some outside Europe, to do more to increase humanitarian assistance and to put in place long-term development programmes to help countries away from the type of problems that we are discussing.

Ethical Investments

3. **David Taylor** (North-West Leicestershire) (Lab/Co-op): What ethical criteria are applied to investment decisions made by CDC Group plc. [294271]

The Minister of State, Department for International Development (Mr. Gareth Thomas): CDC capital is invested in accordance with CDC's updated investment code. It aims to ensure that CDC applies appropriately strong environmental, social and governance standards to its investment decisions. Specifically, it prohibits CDC investment in businesses involving hazardous products, endangered and protected wildlife, the production and trade of arms, gambling, pornography and tobacco products.

David Taylor: The United Nations, Hillary Clinton, NGOs and others have called for urgent investment in food production to relieve poverty in the developing world, yet CDC executives enjoy a bonus culture that would be the envy of Fred Goodwin. Will the Minister apply ethical tests to the CDC decisions that have led to just 5 per cent. of the development money received from the UK taxpayer going into agricultural projects, yet much more into financial services, shopping malls—

Mr. Speaker: Order. May I say to the Back Bencher of the Year that he is deservedly Back Bencher of the Year, but that was a "War and Peace" question, and I do not want "War and Peace" questions.

Mr. Thomas: My hon. Friend is right to highlight the need for more investment in agriculture, as other hon. Members have done in previous questions. We are working closely with the Americans. In particular, the G8 and others have committed more than $20 billion over the next three years for food security and agricultural development. We are committing some £1 billion over the next three years. With reference to CDC, it has invested in 33 agri-businesses, as well as a series of other businesses in Africa and other developing countries. We need it to continue to invest in those businesses to help to generate more jobs so that developing countries can plot their own path out of dependence on aid.

Mr. Andrew Mitchell (Sutton Coldfield) (Con): But the damning National Audit Office report last year found that Ministers failed to demand real evidence of the impact of CDC, and that this multi-billion business was overseen by the equivalent of just one and a half full-time members of staff from the Department. What is the Minister doing to get his act together and ensure that CDC delivers on the key development objectives that we expect?

Mr. Thomas: Unusually for the hon. Gentleman, he somewhat exaggerates the findings of the NAO report. Since its publication, we have put in place a further series of steps to respond to the NAO's concerns—in terms not only of monitoring pay, but of ensuring that there is independent verification of CDC's investment code. We have further asked CDC to shift more of its total investment into low-income countries and, particularly, into sub-Saharan Africa.

Copenhagen Summit

4. **Helen Southworth** (Warrington, South) (Lab): What steps the Government are taking to ensure equitable treatment of developing countries in negotiations which are taking place before the Copenhagen climate change summit. [294272]

The Secretary of State for International Development (Mr. Douglas Alexander): Climate change today poses the greatest risk to the poorest countries. To achieve a fair and equitable outcome at Copenhagen, it is therefore essential that the most vulnerable countries have a voice in the decisions that are taken. The UK has provided considerable financial and technical support to developing country negotiators and civil society, helping them to prepare for and engage in high-level meetings in the run-up to Copenhagen.

Helen Southworth: The world's poorest countries are already being hurt by the leading edge of climate change, and people are calling out for help. Will my right hon. Friend be absolutely resolute in making sure that their voice is heard at Copenhagen and we get urgent action on their behalf?

Mr. Alexander: Yes, I can give my hon. Friend the undertaking that she seeks. We have been tireless in our efforts to ensure that the voices of sub-Saharan African countries and other developing countries are heard at the negotiations. We welcome the engagement of Prime Minister Meles of Ethiopia, speaking up for and representing the interests of the African Union, but only last month I travelled to Bangladesh with my right hon. Friend the Secretary of State for Energy and Climate Change to ensure that he was fully apprised of the clear linkage between the need to tackle dangerous climate change and the need to tackle global poverty.

Mr. Gary Streeter (South-West Devon) (Con): Did the Secretary of State notice that the Government of the Maldives recently held a Cabinet meeting under water to highlight the risk to that country of climate change? Given that the Maldives is an Islamic, fully fledged democracy with strong links to this country, what steps are we taking to help them in their battle against climate change?

Mr. Alexander: The surest way to help the people of the Maldives and, indeed, all the developing world is to ensure that we get a global deal on carbon in Copenhagen. However, I hope that in the weeks between now and the summit we will see throughout the House a genuine consensus emerge on the key issue of development and climate finance, because although the Government have pledged that we recognise the need for genuinely additional resources to deal with the challenge of adaptation, sadly, that commitment has not yet been forthcoming from the Opposition. *[Interruption.]*

Mr. Speaker: Order. There are too many private conversations going on. Mr. Burt, a man of your legendary courtesy knows better.

John Robertson (Glasgow, North-West) (Lab): What discussions has my right hon. Friend had with Nigeria about gas flaring; and can he do something about it? The people in that area are suffering from the pollution that it causes.

Mr. Alexander: My hon. Friend, who has a great deal of knowledge of the subject, leading, as I understand he does, the all-party group on Nigeria, is right to recognise the issue of gas flaring. There have been considerable challenges in the delta, and I understand that there are continuing discussions on the issue, but I shall write to him.

Mr. Andrew Mitchell (Sutton Coldfield) (Con): As I saw at the Poznan climate summit last year, representatives of developing countries are at a disadvantage, because they cannot afford to employ the hordes of lawyers and negotiators that developed countries hire. In the spirit of the right hon. Gentleman's call for a unified response throughout the House, will he look again at Conservative proposals for an advocacy fund to help poor countries to make their voices heard as effectively as possible throughout these vital forthcoming negotiations?

Mr. Alexander: I have heard the voices of developing countries, and they have said clearly and unequivocally that they do not want development funds rebadged in toto as climate finance funds. That is why we as a Government have made a commitment that only up to 10 per cent. of our official development assistance will be used as part of the public contribution to what we hope will be a global deal in Copenhagen. Sadly, that commitment has not been forthcoming from the Opposition, but if the hon. Gentleman is concerned about the need to listen to the voices of the poor, perhaps he will give that commitment now.

HIV Vaccine (Funding)

5. **Dr. Evan Harris** (Oxford, West and Abingdon) (LD): What funding his Department is providing for research into an HIV vaccine for use in developing countries. [294273]

The Parliamentary Under-Secretary of State for International Development (Mr. Michael Foster): The Department has committed a total of £78 million for the international AIDS vaccine initiative. That comprises £38 million from 1998 to 2007 and a further £40 million from 2008 to 2013. The United Kingdom's Government were the first to fund the IAVI, in 1998, and we have remained a major bilateral supporter, providing the long-term and predictable support that we believe is essential for vaccine development.

Dr. Harris: I am grateful to the Minister for that answer, and I recognise the funding that has already gone in. Does he accept that the recent media coverage of the potential, yet-to-be-proven vaccine breakthrough in this area points up even more the huge need for funding to build capacity in vaccine research, as well as the huge rewards that would flow from success in this area?

Mr. Foster: We gave a cautious welcome to the findings that have recently come from research in Thailand, for example. We believe that prevention must be at the heart of our approach to dealing with HIV/AIDS, and that the search for a viable, effective and accessible vaccine must be the backbone of our approach to prevention.

Mr. Tom Clarke (Coatbridge, Chryston and Bellshill) (Lab): Will my hon. Friend and his ministerial colleagues use their influence to ensure that people, particularly in east Africa, including Uganda, are not encouraged to pull out of the necessary treatment because of the terrible picture in terms of the food shortage?

Mr. Foster: My right hon. Friend has had a long-term interest in international development, and I pay tribute to that. I entirely agree with his sentiment that it is important that people who have embarked on treatment continue with it if we are to deal with the scourge of HIV/AIDS.

Copenhagen Summit

6. **Mr. Charles Kennedy** (Ross, Skye and Lochaber) (LD): What recent discussions he has had with his EU counterparts on the international development aspects of the forthcoming Copenhagen climate change summit; and if he will make a statement. [294274]

The Secretary of State for International Development (Mr. Douglas Alexander): The General Affairs and External Relations Council has two sessions each year on development issues. Climate change was a focus of the May meeting, and we will again be looking at climate change in the November meeting, as well as ensuring that we are represented at these meetings. I take numerous opportunities to discuss the road to Copenhagen with my EU counterparts.

Mr. Kennedy: I thank the Secretary of State for that reply. Does he agree, however, that it is important that developed countries, including our European counterparts, show sensitivity to the developing world as regards climate change implications from the vantage point of the developed world? Will he therefore stress to them his personal support—and, I hope, that of the Government more widely—for the 10:10 campaign, which will feature in my colleagues' Liberal Democrat-led debate later today?

Mr. Alexander: The right hon. Gentleman is entirely right in recognising that there needs to be a genuine engagement with the developing countries. That was one of the reasons I recently travelled to India to engage with dialogue there on the issue of climate change. In relation to the 10:10 campaign, I can confirm that my Department has signed up to that campaign; that is a powerful signal of the continuing commitment of several of us to tackle this issue. *[Interruption.]*

Mr. Speaker: Order. I recognise that Members on both sides of the House are excited about the approach of Prime Minister's questions, but it is very discourteous for Members to witter away when a question is being asked or an answer is being given. The public do not like it—and, as I have said, neither, frankly, do I.

Mark Durkan (Foyle) (SDLP): I welcome the determination expressed by the Secretary of State, but what confidence can he give us that the rights and needs of vulnerable developing countries will be better protected in negotiations on climate change at Copenhagen than they were at the world trade negotiations?

Mr. Alexander: My hon. Friend is right to recognise that there are intertwined challenges of dealing with dangerous climate change and with global poverty. Unless we are successful in Copenhagen in securing a global deal, then dangerous climate change threatens the attempt to make poverty history for millions of our fellow citizens around the world. That is why we have worked so hard to ensure that the voices of the poorest countries, as well as the richest, are heard in Copenhagen this December.

Afghanistan

8. **Ann Winterton** (Congleton) (Con): What priorities he has set for his Department's work in Afghanistan. [294277]

The Secretary of State for International Development (Mr. Douglas Alexander): The Department for International Development is supporting the work of the Afghanistan national development strategy to establish a more effective state; to encourage economic growth, providing alternatives to poppy growing; and to promote stability and development in Helmand province. We work with the wider UK Government strategy for the region to strengthen state institutions, counter the threat of violent extremism, and produce sustainable economic growth.

Ann Winterton: Are not storage and distribution systems, and a marketing strategy including minimum guaranteed prices, essential to support wheat production in Afghanistan, because otherwise we run the risk of over-production there, collapsing the price and therefore destroying the credibility of international aid?

Mr. Alexander: These are exactly the issues that we are discussing at the moment with both the Government of Afghanistan and Governor Mangal in Helmand province. We welcome the fact that we have moved to a position in which more than half the provinces in Afghanistan are poppy-free. Amidst all the complexity, there is a basic equation: where we can deliver security, we are more likely to reduce the level of opium production. That is why we welcome not just the number of poppy-free provinces but the fact that Governor Mangal is leading the initiative on wheat seed production.

Moldova

9. **Alun Michael** (Cardiff, South and Penarth) (Lab/Co-op): What steps he is taking to assist economic, cultural and democratic development in the Republic of Moldova following the recent elections in that country. [294278]

The Parliamentary Under-Secretary of State for International Development (Mr. Michael Foster): The Department for International Development is holding discussions with the new Government of Moldova about our assistance programme. Indications are that the new Government wish to see ongoing support for their national development strategy, economic development in rural areas, conflict resolution and reform of the social assistance system.

Alun Michael: Moldova is the poorest country in Europe, very small and weighed down by the conflict in Transnistria, and it depends greatly on citizens working abroad, particularly in Europe. Will my hon. Friend ensure that now the election crisis has been resolved, we focus on enabling Moldova to prepare itself to join the European Union?

Mr. Foster: The UK will of course support the new Government of Moldova, because it is not in our interest to have an unstable, impoverished and divided Moldova on the border of the EU.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [294236] **Mr. Crispin Blunt** (Reigate) (Con): If he will list his official engagements for Wednesday 21 October.

The Prime Minister (Mr. Gordon Brown): Last night and this morning, I have been meeting the Northern Ireland First Minister and Deputy First Minister on the devolution of policing and justice to Northern Ireland. I have been in touch with all party leaders in Northern Ireland, and I am now sending to all of them and placing in the House of Commons Library my proposals for a financial settlement that is designed to make possible the completion of the final stage of devolution in Northern Ireland. We will of course keep the House fully updated. Our aim is a peaceful, more secure and more prosperous Northern Ireland.

In addition to my duties in the House, I shall have further meetings today.

Mr. Blunt: Reigate is proud to be home to 579 bomb disposal squadron of the Territorial Army. Last Wednesday, when the Prime Minister was making his statement on Afghanistan, it was being told that it could not train until 1 April next year, and its TA centre is under threat of closure. What effect does he think those measures will have on the recruitment and retention of those vital volunteer specialists?

The Prime Minister: I made it clear last Wednesday when I made my statement that we would ensure that our resources were devoted to the campaign in Afghanistan, and any member of the Territorial Army who is going to Afghanistan in the next few months will secure the training that is necessary. As the Chief of the General Staff has made clear, the reason why the changes have been necessary is that the Army has recruited more regular soldiers in the past year—9,000 extra compared with 7,000 in previous years. That is why, with those resources being devoted to Afghanistan, we have to focus on those people who are going to go to Afghanistan. They will not only have the pre-deployment training—I have answered the Leader of the Opposition on that—but everybody who is going to Afghanistan will be individually assessed to make sure that they have all the training that is necessary.

Lindsay Roy (Glenrothes) (Lab): Will the Prime Minister join me in congratulating the NHS in Fife on its preparations for swine flu vaccinations, and can he update the House on progress on such vaccinations across the UK? *[Interruption.]*

The Prime Minister: It is right that the House learns the progress that is being made on vaccinating those people who might be at risk of swine flu, and it is right that I tell people that for both those who are at risk and health service workers we are starting the process of vaccination immediately. It is also right to say that we have been ahead of the world in purchasing the vaccines that are necessary and in making sure that those people who need treatment with antivirals have it available at the earliest opportunity. I hope that there is all-party support for making available those vaccinations to people who need them.

Mr. David Cameron (Witney) (Con): The planned strikes at the Royal Mail will be bad for the economy and business, bad for customers and, above all, bad for all those who work for the Royal Mail and care about its future. Will the Prime Minister condemn these strikes and join me in sending a direct message to the trade union to call this strike off?

The Prime Minister: I said exactly that last week—that it was counter-productive for there to be a strike—but I think it is right for us in this House to urge negotiation and mediation. Our role must be to encourage the negotiations that are taking place, to urge people to go to ACAS when that becomes the right thing to do and to make sure that we do everything in our power to get a negotiated settlement to something that arises from the 2007 modernisation plan. It is in nobody's interest that this strike goes ahead.

Mr. Cameron: Peter Mandelson said that abandoning part-privatisation of the Royal Mail would be

"irresponsible and an abdication"

of an important "commitment", and that it

"would...threaten the sustainability of the network"—*[Official Report, House of Lords,* 11 May 2009; Vol. 710, c. 834-848.]

Yet five months after the Postal Services Bill left the House of Lords it still has not come to the House of Commons. Can the Prime Minister tell us why he has allowed this appalling display of weakness?

The Prime Minister: There is no commercial buyer for the Royal Mail—the right hon. Gentleman must understand that. This is nothing to do with the dispute which, as I am trying to explain to him, is about the 2007 modernisation plan. In most areas of the country, the 2007 modernisation plan has been implemented. In some areas, it still has to be implemented. We must encourage all those in the postal services to go ahead and implement it. We are the Government who made possible £1.2 billion in loans for that to happen. Let us—on both sides of the House—urge the negotiation and mediation that is necessary to avoid an unproductive strike.

Mr. Cameron: What the Prime Minister has just said is complete nonsense. He did not stop the Bill because he could not sell the Royal Mail; he stopped it because he could not sell it to his own Back Benchers. Only last week he was telling us what a wonderful time it is to sell the Tote, the Dartford crossing, the channel tunnel rail link and the student loan book. Everybody knows that the reason why he dropped the Bill is that his Back Benchers will not support it. Just for once, why does he not admit that?

The Prime Minister: We have—rightly so, and it should be acknowledged—announced a disposals programme for all the assets that I mentioned last week, and we will go ahead with that. However, I have to say to the right hon. Gentleman that this is nothing to do with the dispute at the moment. The dispute is about the 2007 modernisation plan. He had a shadow Minister yesterday saying that he did not know whether, if a Conservative Government came into power, they would be able to sell the Post Office either.

Mr. Cameron: The Prime Minister gesticulates, but our view is very clear: bring forward the Bill and we will support it. Why has he not got the guts to do that? The fact is that this Prime Minister is incapable of giving a straight answer to a straight question. By the way, he says there is no connection between the strikes that we see and the weakness he showed in withdrawing that Bill. Does he agree that since the Government abandoned part-privatisation of the Royal Mail, union militancy has actually got worse?

The Prime Minister: As a result of the modernisation plan, 40,000 jobs have gone in the Royal Mail. The right hon. Gentleman may wish to seek to bring the industrial relations of the Royal Mail into the political arena in the way that he is doing now, but it would be far better if the Conservative party and other parties encouraged negotiation and, if necessary, arbitration on this matter. I repeat to him: the 2007 modernisation is at the heart of this dispute and that is what has got to be moved forward. Already, large numbers of jobs have had to go as part of that. I also say this to him: the Bill that came before this House is nothing to do with the dispute.

Mr. Cameron: The Prime Minister says that we must not bring this strike into the political arena, but the fact is that it is in the political arena, not least because the communication workers pay half his bills—*[Interruption.]*

Mr. Speaker: Order. The Leader of the Opposition must be heard.

Mr. Cameron: The Prime Minister keeps saying that there is no connection between the Bill and the action that we are seeing from the trade union, yet his own Business Minister, the right hon. Member for Wolverhampton, South-East (Mr. McFadden), said yesterday in the House of Commons that

"since the Government said that we would not proceed with the Bill…we have seen…a return to the destructive pattern of industrial disputes".—[*Official Report*, 20 October 2009; Vol. 497, c. 789.]

Even his Minister says that there is a connection. Is it not the case that this trade union can sense weakness, and it sees weakness in this Prime Minister and this Government?

The Prime Minister: I would have thought that a Conservative Opposition would be trying to ensure that this strike did not take place. I would have thought that they would say that people should negotiate and that there should be arbitration if necessary. I would have thought that they would have repeated with me that this is a counter-productive strike and that it could be resolved only by proper negotiation and arbitration. I would urge the right hon. Gentleman to reflect on his comments as to whether anything that he is saying is making it easier for us to solve what is a difficult dispute.

Mr. Cameron: The way to stop these strikes and this militancy is to show some leadership, some backbone and some courage. Are we really going to spend another six months with a Prime Minister who cannot give a straight answer, who cannot pass his own legislation, and who sits in his bunker not even able to decide what sort of biscuits he wants to eat? Does he not understand that stopping these strikes will take some courage and leadership, and is it not clear that he has none of that to offer?

The Prime Minister: The Conservative party has been wrong on every issue affecting the British economy. Conservatives were wrong on the nationalisation of Northern Rock; they were wrong on the rescue of the banking system; they were wrong on tackling unemployment; they were wrong on helping to protect people against mortgage repossessions; they were wrong on the fiscal stimulus; and they were wrong on international co-operation. On every economic issue, they have not shown any leadership. They were wrong on the recession and they are wrong on recovery.

Rosie Cooper (West Lancashire) (Lab): May I begin by thanking the Prime Minister for meeting some West Lancashire residents and discussing their issues? They told him about the failure to develop the town centre in Skelmersdale and transport issues such as the Ormskirk bypass—really important local issues. Does he agree that we must continue to invest in people and communities and in delivering such services, aiding regeneration and growth and not cutting services, which should not be on the agenda today?

The Prime Minister: I am grateful to my hon. Friend and I was pleased to visit her area in the past few days and talk about regeneration there. I appreciated the opportunity to meet the West Lancashire residents in her constituency and talk about the challenge of regeneration for the future. We can regenerate our economies only if we invest in recovery. We cannot do so with a party that says all the time that we should remove the fiscal stimulus. The only way forward for this economy at the moment is to maintain the fiscal stimulus and ensure that we have growth in the economy.

Mr. Nick Clegg (Sheffield, Hallam) (LD): In June, and again in July, I asked the Prime Minister whether he would do the right thing and break up the biggest banks. Yesterday, the Governor of the Bank of England also repeated his view that the banks should be split up. Is the Governor wrong?

The Prime Minister: The reforms that we are bringing into the banking system will include greater competition in banking. We will have a judgment from the European Commission soon, which we are supporting, that will allow more competition in British banking. As for the restructuring of the banking system and whether there should be investment banks on one side and retail-only banks on the other, the right hon. Gentleman must remember that Northern Rock was effectively a retail bank and it collapsed. Lehman Brothers was effectively an investment bank without a retail bank and it collapsed. The difference between retail and investment banks is not the cause of the problem. The cause of the problem is that banks have been insufficiently regulated at a global level and we have to set the standards for that for the future. We will be doing that at the G20 Finance [illegible]s summit in a few weeks' time.

Mr. Clegg: The basic failings that let the banks bring this economy to its knees are still in place. In fact, the position is worse than it was before. The banks are increasingly operating like a cartel, they are underwritten by the taxpayer, they have fewer competitors and they are now paying themselves eye-watering bonuses while the taxpayers who bailed them out are losing their jobs. If the Prime Minister will not make up his mind about splitting up the banks, does he at least agree that as long as those banks have a blank cheque from the taxpayer it is right to consider imposing an additional tax on their profits?

The Prime Minister: I am afraid that the right hon. Gentleman is wrong on both counts, and wrong again. The basic fact is that we expect that when we have completed the restructuring of the banks the taxpayer will benefit financially from that, not lose money. His assumption that somehow we will lose money is wrong:

we are determined to make money out of this. On the restructuring of the banks, competition regulations will require the competition that is necessary in the banking system.

The right hon. Gentleman says that the situation is worse than it was last year, but last year banks in Britain threatened to collapse entirely. We have restructured the banking system and we will continue to do so, so that it serves customers properly. I hope that he, unlike the Conservatives, will support our measures to stimulate the economy.

Paul Flynn (Newport, West) (Lab): Why should our brave soldiers be asked to put their lives at risk to re-elect the corrupt thief Karzai?

The Prime Minister: I do not accept what my hon. Friend is saying. We have an electoral process in Afghanistan that has revealed that, where there is fraud and where there has been malpractice, there has to be a new election. We have an election process in Afghanistan that, despite the fact that the Taliban insurgency tried to prevent an election from taking place, had millions of people voting. Our job is to help the infant Afghan democracy, and that is what we will continue to do. I think that hon. Members will have seen, from the comments by President Obama and all the European leaders yesterday, that we are determined to do what we can to support the security during that election period, and to make sure that, by training the Afghan forces themselves, our troops can eventually come home.

Q2. [294237] **Paul Rowen** (Rochdale) (LD): Springhill hospice, in my constituency, last week celebrated its 20th anniversary. I am sure that the Prime Minister will want to join me in congratulating Margaret Geoghan and others on their work. However, hospices are struggling in the recession, due to dwindling fundraising. What additional help can the Prime Minister offer the hospice movement?

The Prime Minister: I understand the work of the hospice movement. Obviously, I have been in contact with many people who work in it, and try to help. We are trying to give the hospice movement more money to enable it to do its job, and we are looking at what more we can do in future. I thank the hon. Gentleman's constituents for the work that they do. I understand that this area of health care has not had the resources that it needs in the past and will need greater support in the future. We will do what we can to support a movement that gives dignity to people in the last years and months of their lives.

Lynne Jones (Birmingham, Selly Oak) (Lab): Will the Prime Minister commit all Departments and Government-controlled organisations to reducing their greenhouse gas emissions by 10 per cent. by the end of 2010? After all, what chance do we have of achieving challenging targets for later years if we do not take this opportunity now?

The Prime Minister: My hon. Friend is absolutely right that Departments have a responsibility, and so do all public organisations—and I know that many commercial companies want to do this—but there can be no substitute for an agreement in Copenhagen. If we do not get an agreement in Copenhagen, the world will drift backwards, not move forwards, so I am determined to work with other leaders over the next few months and to go to Copenhagen to make sure that we can make progress at this vital time. I believe that there is support in all parts of the House for doing so.

Q3. [294238] **Mr. Graham Brady** (Altrincham and Sale, West) (Con): Why should my constituents pay more tax so that the Prime Minister's can have their council tax frozen?

The Prime Minister: The purpose of devolution, whether to Scotland, Wales, Northern Ireland or London, is to allow those people in those areas who are represented to make the decisions that affect their lives. If they make these decisions by doing one thing, it is at the cost of their ability to do other things.

Q4. [294239] **Jacqui Smith** (Redditch) (Lab): Over the past month, I have been able to visit every Sure Start children's centre in my constituency and to hear the parents' and children's wishes for the future of those centres. One of the children wished that his centre could get a rabbit; one of the parents wished that every child could achieve their potential but many parents are fearful about the plans of the Conservative party to cut support for their children. What will my right hon. Friend do to ensure that their wishes can be fulfilled, but that their fears will not be realised?

The Prime Minister: This allows me to thank my right hon. Friend for everything she did to make Sure Start possible in the first place. I think that all Members of the House will acknowledge that Sure Start has been pushed forward in the past 10 years. There are now 3,000 Sure Start centres across the country; our aim is 3,500 Sure Start centres. That means roughly five or six in every constituency. I would say to those who are thinking of cutting the Sure Start budget that they are making a grave mistake—for the education and learning of young children, the needs of their parents and the stability of these communities. We will keep the Sure Start centres; I am afraid that the Conservative party wants to cut them.

Q5. [294240] **Mr. Michael Moore** (Berwickshire, Roxburgh and Selkirk) (LD): It is nearly 30 years since the Conservatives decided that pensioners did not deserve the same annual increase in their incomes as people who were in work. Does it not pain the Prime Minister that after 12 years of a Labour Government, pensioners are being told that it may still be six years before the earnings link is restored?

The Prime Minister: As a result of the other measures that we are taking, pensioners have received more than an earnings link would have granted them, because they have the winter allowance, free television licences, national concessionary bus travel and pension credit, and this year, even though inflation is around zero, the pension will rise by 2.5 per cent.

Mr. Stephen Hepburn (Jarrow) (Lab): I welcome the fact that pleural plaque victims in Scotland and Northern Ireland have been promised the right to compensation. May I ask the Prime Minister what he is going to do for the pleural plaque victims in England and Wales?

The Prime Minister: I am grateful to my hon. Friend. I offered yesterday to meet a delegation of Members of Parliament concerned about pleural plaques, and that I will do in the next few days.

Q6. [294241] **Mr. Peter Bone** (Wellingborough) (Con): In 2005 Tony Blair surrendered Mrs. Thatcher's EU rebate. Next year we will be paying £4 billion more to the EU than we did last year. Is that (a), because we want to be seen as good Europeans; is it (b), because we want to subsidise French, Spanish and Irish farmers—or is it perhaps (c), because that is the price that we have to pay to let Tony Blair become El Presidente of Europe?

The Prime Minister: It was a negotiated settlement, because we are part of Europe: 60 per cent. of our trade is with Europe, 3 million jobs depend on our membership of the European Union and 750,000 companies trade with the European Union. I would have thought that at this time, when we need an export-led recovery which will include trading with the rest of Europe, instead of disparaging our membership of the European Union the Opposition should be saying that it is an absolutely important element of the economic future of our country.

Q7. [294242] **Jim Dobbin** (Heywood and Middleton) (Lab/Co-op): I declare a personal interest in the subject matter of this question. The Prime Minister will be aware of a report launched this week by Diabetes UK that indicates that up to 7 million people have contracted pre-diabetes, which makes them 15 times more likely to develop type 2 diabetes. What can the Government do to encourage our communities to eat more healthily throughout the coming years and try to prevent this serious illness?

The Prime Minister: Our proposal to deal with type 2 diabetes is to offer adults between the ages of 40 and 74 an assessment of their risk of developing it. That will be a major means by which we can identify the disease, help people to get on better diets and, potentially, deal with kidney failure as well as diabetes. There is a nationwide drive to deal with obesity, which is an issue that my hon. Friend has raised. A key factor, of course, is type 2 diabetes. The Change4Life programme, which was set up by the former Health Secretary, my right hon. Friend the Member for Kingston upon Hull, West and Hessle (Alan Johnson), is one of the means by which we can address this. I hope that we can publicise the existence of that programme for everybody who is a diabetes sufferer.

Mr. Peter Robinson (Belfast, East) (DUP): I welcome the Prime Minister's decision to publish his proposals for funding policing and justice in Northern Ireland. Setting aside how he intends to assist in dealing with foreseeable but inescapable pressures, would he give us his views on how the Government will assist if unforeseen emergency circumstances arise, so that the Northern Ireland Executive will not have to raid their budget for health, education, housing and other critical elements?

The Prime Minister: I praise the First Minister and Deputy First Minister of Northern Ireland for the way in which we have discussed all the issues that will affect the devolution of policing and justice. I also praise all the party leaders in Northern Ireland, whom I have met to discuss this issue, and thank all those who have been involved in meeting me and others to discuss how we can progress the devolution of policing and justice. This is the final stage of the devolution settlement for Northern Ireland, and it must be accompanied by a financial settlement that makes it possible for Northern Ireland to address its security and policing needs. We have made provision in the letter that I have sent—I believe that the Opposition parties will now have a copy available—for the reserve to be available if exceptional security needs arise in any one year. We have done so this year because of what happened with the killing of soldiers and the killing of PC Carroll; we will do so in future years if such an emergency or difficulty arises. I have made that clear in the letter that I have sent to the First Minister and Deputy First Minister. A secure Northern Ireland is the key to a more prosperous Northern Ireland. We will take no risks with the security of Northern Ireland.

Q8. [294243] **Mr. Ronnie Campbell** (Blyth Valley) (Lab): The capitalist system and the banks have made a gigantic mess not only of the world economy but of ours as well, so why are the public services, the pensioners, the poor and the working class people of this country having to pay for it? Will the Prime Minister ensure that the next Labour Government will do something about the banks, so that this never happens again?

The Prime Minister: The reason why we took action on the banks was not to save the bankers but to ensure that ordinary people's savings, jobs and mortgages, and the businesses on which jobs depend, were secure. There is not one saver who has lost money as a result of the failure of a British bank to make good its promise to pay money to savers. Equally, my hon. Friend is absolutely right: the banks have failed us in many ways. That is why we are making the necessary reforms, but we have to make these changes globally to make them work. Otherwise, banks will just move from one country to another. We have to create a system of remuneration that has global implications for all banks, rather than one that applies to just one country. We have to ensure that the banks will again lend the money necessary for industry and for home owners, and that is exactly the Government's policy.

Q9. [294244] **Mr. James Gray** (North Wiltshire) (Con): The Prime Minister has often emphasised how important it is that all the participants in the forthcoming and vital Copenhagen talks should be ready to compromise in order to achieve consensus. Will he tell us on which British principle he is ready to compromise? How about the third runway at Heathrow?

The Prime Minister: Aviation emissions will come within a total of emissions that have to be met. We have said that if we can get a climate change agreement and Europe is able to sign up to it, we will go to 30 per cent. emissions instead of 20 per cent. emissions. So we are prepared to go further on the level of emissions that we will agree to, if we can get a global agreement. Far from not being ready to compromise, we are therefore ready to do so further if we can get an international agreement. I hope that, instead of criticising us, the hon. Gentleman will support us in the negotiations.

Gordon Banks (Ochil and South Perthshire) (Lab): Will my right hon. Friend make a commitment that he will do nothing to make it more difficult for women approaching state retirement age to secure their state pension?

The Prime Minister: It is absolutely remarkable that a political party can say that it is going to tell people in their 50s that they have to retire later, while at the same time insisting on giving the richest estates in the country £2 billion extra in tax cuts. They should be ashamed of themselves.

Q10. [294249] **Richard Ottaway** (Croydon, South) (Con): The Director of Public Prosecutions recently published his interpretation of the law on assisted suicide. Whatever his views on the subject, does the Prime Minister agree that it is not for the public prosecutor to decide on the criminal law of this country? Will the right hon. Gentleman table a substantive motion on the Director of Public Prosecutions' proposals so that we can ascertain the will of the House on this matter?

The Prime Minister: The process that we have is right: the law is settled by Parliament. I have made my views clear on this, and there have been debates in Parliament. The law is settled by Parliament, and if people interpret that law, it must be in line with the decision of Parliament. That is where I stand.

Mr. David Anderson (Blaydon) (Lab): As someone who was engaged with working people in Northern Ireland for 20 years, may I tell my right hon. Friend how much I welcome his statement? I congratulate him and the leaders of all the parties in Northern Ireland on the great work that they have done to get us to where we are. Will he tell us exactly what we are going to do next to ensure that the plans are implemented as quickly as possible?

The Prime Minister: I hope that, when the leaders of the Northern Ireland parties take the proposals back to their parties, they will find that they command support. The next stage is a consultation with the community in Northern Ireland, and that is for the Northern Ireland Executive themselves to trigger. I hope that, in addition to the legislation being passed in the Northern Ireland Assembly, the community consultation will yield the ability of the Northern Ireland parties to have a cross-community vote and to go ahead with the devolution of policing and justice. I believe that we in this Parliament will do everything in our power to make that possible, with legislation that would necessarily come to this House, but it is now for the parties of Northern Ireland to respond to the proposals that we have made. I have seen from the speech made this morning by the First Minister of Northern Ireland, and from the response of the Deputy First Minister, that they are ready to move forward now that the financial proposals have been agreed.

Q11. [294246] **Mr. Gary Streeter** (South-West Devon) (Con): Given that teachers' pay is set nationally, can the Prime Minister explain why Devon schools received £375 per pupil less than the national average? Will he look again at the funding formula and bring to an end this discrimination against children educated in the rural south?

The Prime Minister: I am happy to look at the hon. Gentleman's question in relation to his constituency, but perhaps he would look at the bigger issue. If his party goes ahead and cuts education dramatically, not just his constituency but every constituency would be affected. At some point, the Conservative party has to face up to the fact that it is ready to cut Sure Start, cut educational expenditure in schools, cut the capital building programme, cut education maintenance allowances and, of course, cut away all help for the unemployed. They have been wrong on the recession and they are going to be wrong on the recovery.

Ms Katy Clark (North Ayrshire and Arran) (Lab): The Prime Minister will be well aware of the long campaign to get employment rights for temporary and agency workers. Will he indicate when we are going to get that legislation on the statute book?

The Prime Minister: A consultation period has started. I gather it finishes in the next few weeks, and then we will make the final decisions.

Q12. [294247] **Tim Farron** (Westmorland and Lonsdale) (LD): The Government's cancer reform strategy states that no cancer patient should live further than 45 minutes' travelling distance from their nearest cancer treatment unit. Yet in my constituency, no cancer patient lives within 45 minutes' travelling distance of the nearest cancer unit, in Preston. We as a local community are campaigning to bring a cancer unit to our hospital in Kendal. Will the Prime Minister agree to meet cancer patients, myself and local NHS workers to ensure that we get a cancer unit in Kendal as a matter of urgency?

The Prime Minister: The Secretary of State for Health will be happy to meet the hon. Gentleman, but he knows that these decisions are made by local clinicians, not by central Government. We have made proposals to bring diagnostic services nearer the community, so that people may not in future have to travel to hospital for their diagnosis and care. That is something that we have proposed should be introduced in future years, but again, that depends on our willingness to fund the capital investment in the national health service, which I hope the hon. Gentleman will support.

Points of Order

12.33 pm

Mr. Denis MacShane (Rotherham) (Lab): On a point of order, Mr. Speaker.

Mr. Speaker: The right hon. Member, who is an immensely experienced Member, knows that points of order come later. *[Interruption.]* Denis, I am wrong. *[Interruption.]* Order. I say to the House that I am wrong.

Mr. MacShane: Even Homer can nod, Mr. Speaker. There are reports in the papers this week that an e-mail of this House was used to alter the Wikipedia entry of the leader of the British Conservatives in the European Parliament in order to remove references to his membership of what the chief rabbi of Poland called "a neo-Nazi party". I would like you to ask whether it is possible for the House computer authorities to investigate this matter, and either make a statement or place a report in the Library, because no e-mail of this House should be used to whitewash away any massacre of Jews by anyone in support of neo-Nazi organisations in Europe.

Mr. Speaker: May I say to the right hon. Gentleman that I was wrong, but I am afraid that he is wrong, too, which I say in all solemnity. I recognise that he feels extremely strongly about this matter and he has put his views on the record several times—doubtless he will do so again—but I am afraid that that is not a point of order, but a point of debate.

Mr. David Drew (Stroud) (Lab/Co-op): On a point of order, Mr. Speaker. Just before the recess, the Department for Children, Schools and Families and the Secretary of State in person announced an inquiry into Gloucestershire county council, and in particular its relationship with national challenge schools. On Monday of this week, one of my schools, the Vale of Berkeley college, was announced for closure. As yet, I have not seen the report from Mr. Badman. I have asked both the DCSF and the local authority for a copy of the full report. Given that you, Mr. Speaker, protect Back Benchers, will you as a matter of urgency look into why that report has yet to be made available?

Mr. Speaker: I am afraid that that also is not a point of order, and I have a hunch that the hon. Member for Stroud (Mr. Drew), as an experienced and assiduous attender, is well aware of that fact. However, he has firmly registered his views on the matter, on the record, and I feel sure that those on the Treasury Bench will have heard what he has to say. If there are no further points of order, perhaps we can move on to the next business.

Local Health Services and Democratic Involvement

Motion for leave to introduce a Bill (Standing Order No. 23)

12.35 pm

Dr. John Pugh (Southport) (LD): I beg to move,

That leave be given to bring in a Bill to require Primary Care Trusts to obtain prior approval for their spending plans; to require Primary Care Trusts to present an annual spending plan to certain local authorities for approval; to provide resolution arrangements in the event of Primary Care Trusts failing to secure the consent of the relevant local authority; and for connected purposes.

Judging by the Bill's placing in the parliamentary timetable, I harbour few illusions about the odds on it making it to the statute book, unless fellow Members, or you, Mr. Speaker, are so impressed—clearly, you are not—by its obvious merit as to vary existing procedure. However, my Bill encapsulates a huge issue in this and the past few Parliaments: the democratic deficit in the NHS—the local NHS.

The local NHS is a huge taxpayer-funded service, affects everyone, is important to everyone, but is sadly totally remote from democratic decision making. Those who take the trouble to get elected to secure a mandate can make decisions about who goes to jail, who goes to war, who is taxed, who has power and who does not. We can make decisions about people's daily behaviour: what they may say, whom they may marry, what they may buy and sell, where they may smoke and what, but not about what happens in the local NHS in their area. Those decisions are made by enlightened quangos or trusts, and they are usually a combination of medical experts and appointees who may or may not bring relevant expertise with them. They decide what drugs are available, which hospitals or hospital departments stay open, where services are, how GPs and dentists shape up, and what after-hours care exists. All those issues mean a lot to some people part of the time, and much to all people most of the time.

MPs can protest at the actions of such bodies, as I did when my town lost its children's A and E service. We can plead for their intervention, as when we cajoled them into producing plans for a minor injuries unit. We can present petitions, and express concerns. But the thought of allowing anyone who has gone through the sordid process of getting elected anywhere near decision making has given successive Governments the vapours, and has been resisted hook, line and sinker, much to the satisfaction of hospital chief executives and health service managers.

Afraid to speak their minds, Ministers and mandarins have offered instead various sops. There were the community health councils—well-understood sounding boards, but feeble enough to get abolished. There were PALS—patient advice and liaison service—the short-lived, worthy but ineffectual feedback collector. Now there are the mysteriously named and constructed LINks—local involvement networks. All were set up by successive pieces of legislation with the function of scrutinising, informing, listening, collating, airing and hearing, involving and consulting—anything, but never deciding.

All that is done on the mistaken assumption that the general public are too stupid to notice that they have absolutely no power over what happens in their local

[Dr. John Pugh]

NHS. When an MP raises in this place decisions that their constituents oppose, and tasks a Minister about it, time and again the Minister, with almost comic sincerity, in Pontius Pilate fashion, says, "This is a matter for local decision making," as though "local decision making" implied that local people—outside the quango circle—had any part in it.

That is a perversion of democracy, but it satisfies the professionals, who like the prescription and genuinely fear the alternative—democratic accountability. It would be refreshing if Ministers said what is on their, or the Department of Health's, mind—what they really thought, but dare not say. What they think is that democratic decision making would lead to unworkable populism, that expert government is better than public governance, and possibly that the calibre of those elected is not up to the job—they may be too stupid or ill informed, even though many of the elected reappear on health quangos as appointees wearing different hats. They really think that this public service wants no genuine, local public voice—that that way madness lies. If a Minister actually said that, such a refreshing overt, clear declaration would flush out this argument for the fatuous nonsense that it is.

Democratically elected representatives can only espouse naked unthinking populism—which is what is feared—when they do not have to pick up the tab, run the budget or bear the consequences. Democratic bodies put up taxes, impose parking charges, change refuse arrangements, declare war, cut benefit and close facilities. I see no reason why they cannot make tough decisions, and no evidence to support that view. Democratic bodies also make a host of very technical decisions, competently, when aided by good professional advice.

For the reasons that I have given—solid and good reasons—the Liberal Democrats are very comfortable with the idea of elected health boards. We believe in removing appointees who have been whisked smugly, or in some cases humbly, into power because they have impressed some other appointee who has previously been whisked smugly or humbly into power, and replacing them with elected individuals who have had to impress the citizens served by the local trust, who gain community support and approval, and who, ultimately, justify their position to the people whom they serve.

My Bill is simply a bridge to that position. It involves even less change, and uses existing institutions. I propose that primary care trusts, as currently constituted, lay before the health scrutiny committees of existing councils, as currently constituted, their annual plans and their big decisions—not for scrutiny or consultation, but for approval, agreement and amendment. I propose a kind of democratic lock on the local NHS: a move beyond mere consultation. I propose a genuine redistribution of power from one existing institution to another existing, established institution. This is such a good idea that I believe that the model has already been embraced voluntarily in some areas.

There are likely to be disputes of substance between the PCTs and the health scrutiny committees. There are likely to be sharp differences on how to commit existing resources, given that resources are always limited. The PCT may suggest that maternity services be decommissioned, and the tribunes of the people—the council—may object. What one wants, the other may regard as plain unsafe. The Bill therefore contains a resolution procedure including, eventually, a reference upwards to the Secretary of State as a last resort.

I genuinely see no reason why this model cannot work—in fact, it does work—and produce not simply good decisions, but good decisions with a popular mandate. That would be nice. Our NHS could be reclaimed, without micro-management or meddling, and not with government by experts but with popular government, expertly informed.

Question put and agreed to.

Ordered,

That Dr. John Pugh, Andrew George, Annette Brooke, Paul Holmes, Andrew Stunell, Mark Hunter, Mr. Adrian Sanders and Mr. David Heath present the Bill

Dr. John Pugh accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 23 October and to be printed (Bill 152).

Speaker's Statement

12.44 pm

Mr. Speaker: Before we move to the main business—the Opposition day motion in the name of the Liberal Democrats—I have a very brief and, I hope, pertinent statement to make.

I am grateful to the right hon. and learned Member for Sleaford and North Hykeham (Mr. Hogg) for raising on a point of order on Monday the question of whether Members who have incurred losses with Equitable Life can vote on the first motion today.

As in previous debates on Equitable Life, any Members speaking in the debate should follow the advice of the Registrar of Members' Financial Interests dating back to 2003 and declare their interests, whether or not they are formally registrable.

In relation to voting, I can only repeat the words of Mr. Speaker Weatherill in January 1986 in relation to members of Lloyd's:

"In matters of public policy, it has been the long-standing practice of the House—originally formulated as far back as 1811 by Mr. Speaker Abbot—that there is no obligation on an hon. Member to refrain from voting on a matter of public policy."—[*Official Report*, 14 January 1986; Vol. 89, c. 1013.]

I appreciate that that does not solve the right hon. and learned Gentleman's problem—that, without speaking in the debate, he cannot put on the record his interest when voting—but he has himself done so by raising this as a point of order.

Opposition Day

[19TH ALLOTTED DAY]

Equitable Life

[Relevant Documents: The Second Report from the Public Administration Select Committee, on Justice Delayed: The Ombudsman's report on Equitable Life, HC 41, and the Government response, HC 953; and the Sixth Report from the Committee, on Justice denied? The Government's response to the Ombudsman's report on Equitable Life, HC 219, and the Government response, HC 569.]

12.45 pm

Dr. Vincent Cable (Twickenham) (LD): I beg to move,

That this House notes that the Parliamentary Ombudsman has taken the unusual step of using powers under the 1967 Act to present Parliament with a further and final report on Equitable Life; also notes that the Public Administration Select Committee's Sixth Report, Justice denied? The Government's response to the Ombudsman's report on Equitable Life, concluded that the Government response to the Parliamentary Ombudsman's report was inadequate as a remedy for injustice; recognises the vital role the Ombudsman plays in public life; reaffirms the duty of Parliament to support the office of the Ombudsman; believes the Government should accept the recommendations of the Ombudsman on compensating policyholders who have suffered loss; notes the outcome of the Judicial Review announced on 15 October extending the period for compensation claims back to 1991; welcomes the formation of the All-Party Group on Justice for Equitable Life Policyholders; and notes with regret its necessary formation and the fact that over 30,000 people have already died waiting for a just resolution to this saga.

I have no interest to declare. Indeed, I am not only moving this motion for disinterested reasons, but moving it on behalf of more than my own party—although we feel strongly about it. Members in all parts of the House have taken up the cause of Equitable Life policyholders, and in fact the basis of this motion is early-day motion 1423, which has been signed by the remarkably large number of 337 Members, including 113 of the Government party. This motion should therefore have widespread all-party support, and the only amendment to it that has been tabled is a purely factual one; it notes that a judicial review has taken place, but makes no comment or judgment on the outcome.

There is a lot of detail—legal, actuarial and other kinds—in this argument and we shall be plunged into it before long, but I want to start by setting out the broad principles that underlie the motion. From our point of view, there are two essential concerns. One of them is a human concern—a concern for human welfare and the individuals who have lost from this disaster—and the other is a constitutional concern. The human concern derives from the fact that there are roughly 1 million Equitable Life policyholders. About 400,000 policies are still managed by Equitable Life, while the other 600,000 are managed by other insurance companies. Many of those people have suffered large losses—up to half of their pension. Of those 1 million, about 30,000 have died since the original collapse of the company. Since the ombudsman reported on the subject, about 6,000 have died, and every day that passes before justice is obtained another 15 die. That summarises, in rather graphic terms, the consequences of leaving injustice unremedied.

[Dr. Vincent Cable]

The constitutional issue is as follows. We have an ombudsman, and that office is not a Government quango. It is a parliamentary institution—it was set up by Parliament and it reports to Parliament on our behalf. The authority of the ombudsman is clearly at stake. Those of us who have tabled this motion have done so to ask the Government to implement the ombudsman's recommendations; that is essentially the basis of it. The Government have so far declined to do so, either in spirit or in substance.

We need to remember just how important this issue of the authority of the ombudsman is. Many people do not attach great respect to this House—we can understand why that has been the case in recent months. The ombudsman is a parliamentary institution that is central to our constitution. It says, "Whatever you think about your MP or other MPs, there is a body you can go to that is independent of Government. If you have been wronged through maladministration in Government or a quango, this independent authority will investigate the matter without partiality and will help you to achieve justice through compensation, where necessary." If the authority of the ombudsman is defied by the Government in this major case, we will lose the credibility of a major institution of the country. That is what is at stake.

Mr. Oliver Letwin (West Dorset) (Con): I declare an indirect personal interest.

Does the hon. Gentleman agree that this goes beyond the argument he is making, in that there is literally no point in having an ombudsman unless Governments make it a principle that they will obey what the ombudsman recommends?

Dr. Cable: The right hon. Gentleman is right; as this is such an important case—it is the biggest that the ombudsman has taken on—if the ombudsman's authority is simply flouted, that makes the ombudsman redundant. I might go further than him by asking the following: if the institutions of Parliament are flouted, what is the purpose of Parliament? That is a fundamental question.

Lembit Öpik (Montgomeryshire) (LD): Does my hon. Friend agree that the general public, including the 1,000 or so people in Montgomeryshire who lost money through Equitable Life, simply do not understand how this Government can resist what seems like an act of natural justice—following the guidance of the ombudsman? My constituents do not follow Parliament closely, but they feel that they are being treated unjustly on a matter that could be easily corrected in just the way that my hon. Friend has outlined.

Dr. Cable: Well, it can be and, indeed, it should be. Let me try to anticipate the Government's concerns. In addition to the two broad principles that I have sketched out—the human concerns and the constitutional concerns—a third issue arises: money and finance. There is common ground on the fact that that must be relevant when we are talking about large amounts of compensation, but we have crossed a bridge in the sense that the ombudsman has accepted that the public purse is a factor that must be borne in mind in compensation awards and the Government have accepted, through their ex gratia payments proposal, that there has to be compensation. The principle that there is an issue to address has been accepted on both sides. We are now united on the broad principle that finance is a factor, but that the Government agree that there must be public expenditure. We are arguing about how that mechanism will be introduced.

Let us consider where the debate has reached in the past year. Our view, in moving this motion, is that the principles under which the ombudsman's findings must be implemented must include, as she said, an "independent" process, which means a tribunal-like process independent of the Government and independent of the Treasury. The Government's view is that compensation should be decided through a process led by, determined by and ultimately decided by the Government—the Treasury. That is now the fundamental distinction. In a way, that explains the heart of the constitutional problem: if the Government decide how we remedy a fault of theirs, wherein lies the independence of the ombudsman? That independence simply disappears.

Mr. David Heath (Somerton and Frome) (LD): Does not the fault with the Government's position extend rather further than that? Not only have they ignored the findings of the ombudsman and refused to accept them, but they have engaged in an exercise of foot-dragging, procrastination and temporising. They have done everything possible to prevent this matter from being dealt with properly and to prevent these people from getting the justice that they deserve. Is that not the indictment against the Government in this case?

Dr. Cable: Indeed, and I now propose to take my hon. Friend through this nine-year journey, the end of which we hope we are finally approaching. Let me turn to one aspect of this tension between the two approaches to resolving the compensation—the Government-led versus the tribunal-led. I note that the Government amendment contains the remarkable phrase that their scheme

"is administratively quicker and simpler to deliver".

The idea that after 10 years the Government are invoking speed as the basis for their case would have Sir Humphrey gasping with admiration at the Treasury's abilities in this matter.

Steve Webb (Northavon) (LD): Just before my hon. Friend starts his nine-year journey, may I ask whether he also accepts that there is a second difference between our position and that of the Government? This is not simply about how much cash the Government are going to give as opposed to how much we think they should give, because the Government, by partially rejecting the ombudsman's finding, have excluded some categories of loss and some categories of policyholder altogether. Therefore, even if they suddenly decided to become more generous in cash terms, they would already have excluded a set of people whom the ombudsman rightly thinks, as do we, have suffered injustice.

Dr. Cable: My colleague is right. Of course, following the judicial review, some of those categories are now included; I understood the statement that the Minister made yesterday to say that the Government have accepted that specific change. So, there is wider coverage than there was before, but we remain with the fundamental division.

Greg Mulholland (Leeds, North-West) (LD): My hon. Friend has discussed the cost of compensation, but does he agree that it is high time that the Government

told this House and the taxpayer how much has been spent on evading justice over the past 10 years? It is time for the Minister to tell this House that figure today, which I suspect is very large.

Dr. Cable: I had not thought of that angle, but it is a good one. I am sure that if we were to add together the legal fees and the opportunity cost of Treasury officials' time, we would be talking about many millions.

Dr. Andrew Murrison (Westbury) (Con): Does the hon. Gentleman accept the principle that justice can be means-tested? It seems that the tribunal will have to grapple with that. If that principle is accepted, what on earth will the Government say to those who do not make the cut?

Dr. Cable: Well, indeed; I believe that the hon. Gentleman is referring to the concept of disproportional effects, which the Government have introduced. None of us fully understands what it means. I do not think that the arbitrator whom the Government have appointed understands what it means either because, as far as we can tell, in his initial report he has not tried to engage with that extremely difficult issue, which many of us thought was introduced simply to evade the issue of compensation.

Mr. Brian Binley (Northampton, South) (Con): Does the hon. Gentleman agree with the many constituents of mine who are horrified that this Government have denied them justice by refusing to set a timetable for payment and, specifically, by not defining what "disproportionality of suffering" actually means? Does he further agree that the Minister should set people's minds at rest on those two issues today? If he does not do so, would we be right to say that the Government are deliberately waiting for more of these people to die?

Dr. Cable: That is a very emotive way of putting it but, in essence, the hon. Gentleman is right. That is the fact of the matter because, as I said in my introduction, every day that passes another 15 of those people die; it is a sadness that many of them will never see justice.

Patrick Hall (Bedford) (Lab) *rose—*

Dr. Cable: I am sure that hon. Members are anxious to hear me get on with the history, but I shall take one further intervention now.

Patrick Hall: It is important that, at this stage, the hon. Gentleman makes it clear what he understands the compensation to refer to. I am one of the signatories of early-day motion 1423, which refers to the compensation recommended by the ombudsman. Does he agree that the ombudsman was talking about the relative loss arising from the acknowledged maladministration and not that element of loss arising from the vagaries of the market?

Dr. Cable: Yes, that is right; it has been clear from the beginning that we are talking about relative losses. It is clear that nobody—neither the action group nor anybody else—is suggesting that wider definition.

Let me return briefly to the beginning of these events. I do so not simply for the sake of it, but because a large number of hon. Members were not in this place when the original crisis broke. Having checked this, I believe that only one member of the Government Treasury team, the Financial Secretary, and one member of the Conservative Front-Bench team, the hon. Member for Runnymede and Weybridge (Mr. Hammond), were Members at that time. We have been around this for a long time and a lot of people have come into the story at different stages, so it is worth remembering where it started.

Equitable Life collapsed, in effect, in 2000. The first debate in this House, which was introduced by the hon. Member for Croydon, South (Richard Ottaway), was held at the end of that year. It is worth returning to that debate, because many of the arguments that we are rehearsing today were set out clearly and well on that occasion. In particular, the whole principle of compensation was discussed at that time, because it was clear to those of us who had been following events at Equitable Life that there was an issue of maladministration to address. The company had been declaring large bonuses far in excess of its profits or underlying resources for some years, such that the actuary responsible for it was subsequently fired by his professional body. The company had a guarantee of annuities that assumed a continuing high level of inflation, which was described at the time as mathematically brilliant but economically illiterate. The question was raised, even then, as to how it could possibly have been that the Government Actuary's Department and the Department of Trade and Industry, which were overseeing the matter, did not spot the problem.

So, there was a prima facie case of maladministration. I recall asking the Minister at the time whether, if there had been maladministration, there would be compensation. I asked that question because the Prime Minister made his political reputation—a long time ago—as an Opposition spokesman arguing the case for the Barlow Clowes investors, who were compensated after maladministration. The answer I received from the Minister was that once the ombudsman had made a recommendation, we could proceed to compensation. We have been waiting ever since for that debate to be resolved.

Norman Lamb (North Norfolk) (LD): Does my hon. Friend recall the Penrose report, which gave a clear indication of maladministration that, at the time, was entirely rejected by the Government?

Dr. Cable: Yes, and that was the second step in the process. We had several years before Penrose finally reported in 2004. Lord Penrose described the delays, even at that stage—remember, this was five years ago—as "iniquitous and unfair". Indeed, he found a combination of failures of policy, which are not examples of maladministration, and of maladministration and recommended that the matter be passed to the ombudsman, which is what happened. The matter was referred to the ombudsman, and my hon. Friend the Member for North Norfolk (Norman Lamb) and I participated on behalf of our constituents. Let us remember that the reference to the ombudsman was made on our behalf as Members of Parliament—there were 898 separate complaints, submitted by large numbers of Members on their constituents' behalf. That is why the ombudsman became involved. It was not an official process; it was a process that we initiated on behalf of our constituents.

[Dr. Cable]

The ombudsman pursued her inquiry and finished her work in February 2007. It was July 2008 before that work was formally presented to Parliament, as a result of innumerable questions posed by the Treasury under a process that is described as Maxwellisation. For those not familiar with the jargon, Maxwellisation refers, I think, to one of your predecessors, Mr. Speaker, as Member for Buckingham, although he is perhaps more famous—or infamous—for other things. That Maxwellisation cost a lot of time.

We received the ombudsman's report in July 2008 and its key findings—it is worth summarising them briefly—contained 10 determinations of maladministration: one by the Department of Trade and Industry, four by the Government Actuary and five by the Financial Services Authority. The ombudsman recommended remedies—that is, compensation. It is worth remembering that, despite what has sometimes been implied by the Government, this was not a case of a difficult lady plucking some proposals for compensation out of the air. The recommendations rested on a solid body of reasoning that had been set out well in advance called "Principles for Remedy", which explained exactly the conditions under which compensation should be awarded and the process that needs to be gone through.

The ombudsman was engaging in a meticulous process of reasoning that led to the conclusion that if there is injustice as well as hardship, a compensation process should be initiated. She described in some detail what should happen. At the risk of boring hon. Members, it is worth reading some of the key sections of her recommendations, because that is what the subsequent two years have been about. She stated:

"My second and central recommendation is that the Government should establish and fund a compensation scheme, with a view to assessing the individual cases of those who have been affected by the events covered in this report and providing appropriate compensation."

She described how that should be done and her key recommendation was that the process

"should be independent and constituted along the lines of a tribunal or adjudication panel".

Independence of Government was central to the recommended process.

We were then given the Government's response. We had a response in the House from the then Chief Secretary, who is now Secretary of State for Work and Pensions, which people responded to very well because she made what seemed to be a full apology and suggested that the Government would put in process a compensation exercise. We were taken aback by the fact that the Government then issued a written response—as opposed to an oral response to the House—in the form of Command Paper 7538, which took us in a different direction. Several key elements have caused a great many problems to this day. The process was to be run by the Treasury, rather than independently, and payments were limited to post-1999 cases. That has now been remedied, but the limited degree of compensation excluded 90 per cent. of what the ombudsman had recommended. The document introduced the concept of disproportionate effects through means-testing, which we have already discussed, and sought to apportion blame between different actors, although of course the ombudsman was solely concerned with Government maladministration. Subsequently, the Government rejected the idea of interim payments, which might have speeded up payments to suffering individuals.

Over the past year—this brings us fairly close to where we are today—we have had a succession of responses to the Government's response. One has come from the ombudsman, and we have had two reports from the Select Committee—I notice that the Chair is here and might well contribute to the discussion. We have also had the judicial review. It is worth reflecting a little on what the ombudsman had to say about how the Government responded to her report.

Peter Bottomley (Worthing, West) (Con): Will the hon. Gentleman refresh the House's memory on the time scale the ombudsman had in mind and on how much of that time is gone? While I am intervening, may I put it on the record that although I am an Equitable policyholder I would give any compensation, were I to get any, to some good cause?

Dr. Cable: I cannot find the exact phrase in the few seconds that I have been given, but it was very clear that the process should be expeditious and humane. That is where we are in terms of the ombudsman's approach. She also said:

"It is clear to me from the Government's response to my report and from the further evidence given to the Select Committee on behalf of the Government…that, whatever the outcome of the work to be done by Sir John Chadwick, a full remedy will not be forthcoming for the injustice resulting from the maladministration I found had occurred in the prudential regulation of Equitable Life."

In other words, she had already concluded that the Government mechanism did not allow justice to be delivered through compensation and that the process was fundamentally wrong.

Annette Brooke (Mid-Dorset and North Poole) (LD): It is interesting to note that the Government use the word "expeditiously" in their amendment. Perhaps timeliness is now very belatedly being addressed. Does my hon. Friend agree that Sir John Chadwick's remit does not offer us the opportunity to be assured that there will be full transparency and fairness?

Dr. Cable: Indeed. Since the Government have declared themselves to be racing us in order to get there faster than the proponents of this motion, speed is no longer the issue. They have told us that they will speed up, at long last, but fairness will become the issue. The issue will be whether the Government accept Sir John Chadwick's findings when they appear. We will come to that.

Let me finish my reference to the ombudsman's response. Following the official response, the ombudsman has been involved in a very tart correspondence with the Chief Secretary. It is worth quoting one or two of the exchanges. The Chief Secretary spoke in this House on 21 July in reply to an urgent question. In response, the ombudsman wrote a letter that has subsequently been published. She stated:

"I noted what you said in the House on 21 July, and did not recognise it as a true representation of my position. That said, this is not the first time that the Government has misrepresented my position in order to defend its own and I suspect it will not be the last."

We should be under no illusions about what the ombudsman thinks about the way in which the Government are handling the matter.

This is not just about the ombudsman. We have had two excellent reports from the Select Committee on Public Administration—"Justice delayed" and "Justice denied"—which are well summed up by the phrase that the Government's position was

"shabby, constitutionally dubious and procedurally improper".

We now come to the last stage of the process, the judicial review that concluded recently. The action group for the policyholders deserves an enormous amount of credit not just for briefing Members but for keeping alive an issue that could easily have died if it had not been driven so forcefully and with such conviction. The group took the judicial review option, at their own expense, to challenge the legality of the Government's response to the ombudsman's report.

The key point in this takes us back to the fundamentals of why we have an ombudsman. The purpose of the ombudsman was to remove the need for judicial reviews of Government decisions, or the need for people to spend large amounts of their own money challenging Government rulings in court. The review should never have been necessary, but it was sought by the action group, and it is worth reflecting on its key findings.

The judicial review concluded that the Government's position "lacked cogency", and that the Government unlawfully rejected the finding that maladministration caused injustice. It specifically instructed the Government to assess claims going back to 1990—quite a major advance in concrete terms. However, as the Chief Secretary pointed out in his statement yesterday, the review concluded that the matter had to go back to Parliament, so that the question of how the compensation process would work could be resolved.

It is therefore up to us, as Members of Parliament, to decide how the compensation process happens. Should it happen in the way that the Government have suggested, through Sir John Chadwick's inquiry, or does it need an independent tribunal process? I am sure that the Government agree that, for practical reasons, there is no need to go back to square one. Sir John Chadwick has done a lot of work, so surely we do not want to put that in the bin and start doing something else.

Of course we do not want to do that. The practical position is that the very useful work done by Sir John Chadwick forms the platform on which we can build a resolution to the problem. That work need not be ditched, because it can now be taken over by an independent process. It can be continued with absolute confidence that the findings that are reached will be honoured, because those findings are impartial and independent.

In contrast, we have no confidence at all that the Government will not simply disregard a conclusion produced by Sir John Chadwick that is inconvenient to them. The evidence for that is the fact that, for the past nine years, the Government have continually dragged their feet on every action that would have brought justice for our constituents.

Mr. Speaker: I must tell the House that I have selected the amendment in the name of the Prime Minister. I call the Chief Secretary to the Treasury to move it.

1.12 pm

The Chief Secretary to the Treasury (Mr. Liam Byrne): I beg to move an amendment, to leave out from "Life" to the end of the Question and add:

"also notes the Public Administration Select Committee's Sixth Report *Justice denied? The Government's response to the Ombudsman's report on Equitable Life*; recognises the vital role the Ombudsman plays in public life; reaffirms the duty of Parliament to support the office of the Ombudsman; recognises the Government's determination to introduce an ex gratia payment scheme that is administratively quicker and simpler to deliver than that envisaged by the Ombudsman; further welcomes the Government's decision announced to the House on 20 October 2009 to widen the ex gratia payment scheme to include trapped annuitants who took out policies after mid-1991; urges Sir John Chadwick to report as quickly and expeditiously as possible; and recognises the impact and significant distress that maladministration and injustice have caused in respect of Equitable Life.'."

I start by genuinely welcoming the speech made by the hon. Member for Twickenham (Dr. Cable), and the fact that he has triggered this debate. This is a very proper subject for today's Opposition day debate, and I want to set out a number of responses to some of the points that he made. First, however, I want to echo the apology on behalf of this and previous Governments made by my predecessor, my right hon. Friend the Member for Pontefract and Castleford (Yvette Cooper), who is now Secretary of State for Work and Pensions.

I have made two statements already since the House returned earlier this month, as I want to keep right hon. and hon. Members up to date with the Government's work to clear up the problems of Equitable Life's past. However, today is the first opportunity for a debate since the judgment in the judicial review brought by the Equitable Life members action group—EMAG—was handed down last week.

I promised the House last Monday that I would reflect on the court judgment as quickly as I could. I did that, and I updated the House on the matter yesterday. I should like to elaborate on that statement this afternoon, and try to address the three points that I think are now uppermost in the minds of both Equitable Life policyholders and hon. Members—the scope of the proposed ex gratia scheme, the speed with which we can act, and the fairness of the approach that we propose.

Before I go into that, perhaps I should first say a word about the role of the parliamentary ombudsman. In preparing for this debate, I looked back over the comments that I have made in the House on this subject. I think that I underplayed and under-celebrated the role of the ombudsman in public life. This afternoon, I want to put on record my gratitude to her for her work, and I have made sure that that is underlined in the Government amendment.

It was only right for the Government to make sure that our response to the ombudsman's report on Equitable Life was based on a thorough examination of what she said. It is true that we did not wholly agree with her conclusions, but we did agree on many things. Indeed, in nine out of 10 of her findings we agreed wholly or in part with the charge of maladministration, and in five areas we believed that injustice followed.

Mr. Letwin: I am grateful to the Chief Secretary for giving way at this early stage, but is it the Government's view that they should decide whether they agree with a judgment handed down by a court? If the Government

[Mr. Letwin]

do not consider that appropriate, is that the right attitude to adopt when an ombudsman makes a decision or recommendation?

Mr. Byrne: I think that the two things are quite different, and I shall explain why in a moment.

As I was saying, we agreed with the charge of maladministration in nine out of the 10 findings, and thought that injustice followed in five areas. To address that injustice, we proposed that an ex gratia payment scheme should be put in place.

Mr. Jim Cunningham (Coventry, South) (Lab): How many people have received ex gratia payments? What is the difference between the Government's position, as expressed in their amendment, and the Opposition's, as expressed in their motion? A number of people in my constituency are extremely concerned about the delays in receiving compensation. I get regular letters and I have raised the matter myself, and I really want to know what the fundamental difference is, as there is a lot of hardship out there.

Mr. Byrne: My hon. Friend is absolutely right, and I am grateful to him for that point. I shall say something in a moment about how many people I think are now within the scope of the ex gratia scheme, but I hope that he will allow me to take a short run-up to that.

The starting point for the debate about scope is the fact that the ombudsman acknowledged—I think in her evidence to the Public Administration Committee—that the Government could have chosen not to make any payments at all. She also recognised that the Government have a responsibility to balance competing demands on the public purse, a point that was underlined by the court last week.

That said, however, there is clearly a moral and ethical case for the Government to provide an ex gratia payment scheme from the public purse. The question then becomes, "What is the rational basis for the operation of that scheme?" Having considered that question carefully, we concluded that the right approach was to look at where we agreed with the ombudsman in thinking that injustice had arisen. We decided that that should be the foundation of the ex gratia scheme that we put in place.

We lacked the information about Equitable Life policyholders needed to understand exactly who would be embraced by such a scheme. That is why we asked Sir John Chadwick for his advice on the fastest and fairest way forward. That approach was then challenged in judicial review proceedings by the Equitable Life members action group. The hearing took place in July, and the judgment was handed down last week.

It is an important ruling. I think that it takes us one step closer to a swift resolution and the provision of support for those who are suffering. The court recognised that the Government's basis for a payment scheme was lawful, and it accepted that the Government were entitled to seek Sir John Chadwick's advice in establishing the scheme.

We very much welcome that confirmation of the legal basis of our approach, but the hon. Member for Twickenham was right to go on to say that the court also concluded that in two areas we focused too narrowly on the question of regulatory compliance. Having considered that judgment very carefully, and because I am ambitious for a speedy resolution to the matter, we took the view that the scope of the ex gratia scheme should be widened. Therefore, we have asked Sir John Chadwick to consider injustice arising in the period from mid-1991.

What will be of interest to many right hon. and hon. Members is that that decision ensures that a number of the policyholders who are often called "trapped annuitants" are now likely to fall within the scope of the ex gratia scheme. The fact that the scheme has been widened means that something like up to 1 million people could be covered.

Anne Milton (Guildford) (Con): Can the Chief Secretary clarify what he means by "speedily"? My constituents watching the debate on television will want clarification. We have had too many of those words. They are still waiting.

Mr. Byrne: I shall deal with that question immediately. Speed, as the House has urged, is now of the essence. My goal, with the benefit of Sir John's advice, is to deliver an ex gratia scheme that is administratively quicker and fairer than the approach proposed by the ombudsman, and in a way that puts less of a burden on policyholders.

Anne Milton: I thank the right hon. Gentleman for giving way a second time. I would like a time scale. I would like a date—one month, two months, three months? "Speedily" is not good enough.

Mr. Byrne: I shall answer the question directly, but I want to make one or two points first.

Mr. Mike Weir (Angus) (SNP): Can the Chief Secretary answer me on a matter of principle? The Government have gone for an ex gratia scheme, but I do not understand why, if other people have lost out owing to maladministration, they should be excluded from compensation. The Government have, in effect, entered into a means-testing arrangement for policyholders in Equitable Life.

Mr. Byrne: That is an important point, which was acknowledged both in the Bradley judgment and again in the court last week. There is no legal obligation on Government to compensate people for a regulatory failure that, in large part, was caused by a failure of regulators in the early 1990s, extending up to 1998. Also, as Lord Penrose says, the company itself was the architect of the failure. Although there is no legal obligation on the Government to provide compensation for such regulatory failure, there clearly is an ethical and a moral demand for Government to provide some kind of ex gratia payment scheme. The question then becomes what is the rational basis for that scheme. The Government's conclusion has been that the only rational basis for the scheme is where we agree that injustice was caused through maladministration.

On the question of speed—

Anne Milton: Dates.

Mr. Byrne: Dates will come in a moment. When the ombudsman reported in July 2008, she suggested that a scheme could be established within six months and that, once established, such a scheme could conduct its work

over the course of a further two years—in other words, taking us to December 2010. But we concluded that the approach that was recommended could be better. Indeed, when Sir John Chadwick, who is an independent judge of some repute, looked at the question, he described the ombudsman's approach as

"at best unsatisfactory and more likely impossible".

The reason for this is that the approach that was proposed by the ombudsman and that has been rehearsed again by the hon. Member for Twickenham and is recommended in his early-day motion entails a case-by-case review by a tribunal or another body of the evidence of loss from individual policyholders.

If we believe, as the hon. Gentleman says, that there are up to 1 million policyholders, and if we had to consider each of their investment decisions in the period that we are talking about, we would have to review something like 30 million different investment decisions. The approach proposed by the ombudsman puts the burden on the individual policyholder to show how regulatory failure created a loss. Then the policyholder would need to show what kind of relative loss they had suffered, which would require them to say something about a counterfactual.

What we have asked Sir John to do is to undertake a better way of securing ex gratia payments for policyholders. The approach that Sir John proposes is to look at different classes of policyholders and understand what the relative losses may be, in order to make sure that a much swifter and policy-based compensation payment can be made. That will be faster than a case-by-case review of 30 million investment decisions.

Lorely Burt (Solihull) (LD): I understand what the Minister says about the amount of time and effort that needs to be put into the compensation scheme, but echoing the hon. Member for Guildford (Anne Milton), may I ask him to confirm that the compensation scheme will be in place in the lifetime of his Government—before the general election?

Mr. Byrne: I shall come to that point directly, but I shall take another intervention first.

Susan Kramer (Richmond Park) (LD): I think the Minister is going to receive another letter from the ombudsman for again misrepresenting what she said in her report about a process that she recommended could be completed within two years as a mechanism for compensation. Does the right hon. Gentleman accept that the term "disproportionate", as he describes it, applies simply to the different impacts on different classes of policyholders if, for example, somebody had policy type A rather than policy type B? It is not a means-testing measure, and that point is crucial.

Mr. Byrne: There are two points there, as the hon. Lady said. First, on the question of relative loss, it will be important to look at what policyholders would have made if they had put their investments into a different organisation, rather than a trade-off between different policies. All parties will have to come to a view about how what will ultimately be a fixed pot of money is shared between policyholders. That is one of the questions that Sir John has to consider, and it rightly should be a matter for further debate in the House.

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): I can see the strength of my right hon. Friend's argument for a different mechanism from that proposed by the ombudsman, but a problem is that we are still a long way from getting that mechanism set up. The difficulty is that people are rightly asking why these leisurely discussions and reports are going on. Out there, people are dying. Out there, people are not getting any money. Why have not steps been taken already to set up the mechanism so that people can be paid out now? My right hon. Friend needs to give us definite indications of dates when payments can be made or when a mechanism can be set up if he is to persuade many of us to support him in the Lobby later today.

Mr. Byrne: I am grateful to my hon. Friend for that point. It allows me to say that work is well in hand. Sir John has already set out his approach and he is already a long way through the work. It is worth the House reflecting on the scale of the task that Sir John is working through. He has to consider information on 2 million policies and information dating back to around 1990 on payments and investments for over 20 main types of policy. That demands a review of several hundred specific policy products. It requires that data be checked by both his actuaries and those of Equitable Life.

Sir John then has to give advice on how to assess the relative losses of the varied classes of policyholder. The only way to do this is to assess the performance of the rest of the industry at the time, a process that will demand some pretty difficult actuarial calculations and the testing of a number of assumptions, not least how to make payments most easily and what their tax treatment should be. We have asked Sir John to finalise the design of his scheme by spring 2010.

Dr. Cable: We all understand that the Minister has a perfectly legitimate role in protecting the Treasury, but his argument seems to be that the Government's route is designed to protect the policyholders by getting them resolution more quickly than the ombudsman would. Why, then, does he think the policyholders have invested a substantial amount of money in order to pursue a legal action to follow the ombudsman route, rather than the one that he is recommending?

Mr. Byrne: I cannot second-guess what was in the minds of EMAG, but I think there were two concerns in particular, both of which it was legitimate to test. The first was the legal basis for the Government's approach, which the court was happy to confirm. The second, rightly, was for policyholders to test the scope of the ex gratia scheme.

Patrick Hall: The ombudsman used the expression "relative loss", which has been used before in the debate. My right hon. Friend has also referred to that, but the Government's favoured position is based not on relative loss, but on disproportionate loss. I have not seen a definition of that. Could he cast some light on the distinction between relative loss and disproportionate loss?

Mr. Byrne: That is one of the questions on which we have asked Sir John Chadwick to advise. When the next stage of the report is finished, which I hope will be in the next week or two, that may be something that I could lay before the House so that we could test some of the conclusions in debate.

Dr. Tony Wright (Cannock Chase) (Lab) *rose*—

Anne Main (St. Albans) (Con) *rose*—

Mr. Byrne: I shall give way to my hon. Friend and then to the hon. Lady.

Dr. Wright: So that the House is not misled, may I put it to my right hon. Friend that the issue is not the technical efficiency of different schemes for delivering redress, but a fundamental difference in approach between the ombudsman, who says that redress should be as of right because of regulatory failure, and the Government, who say that they shall create an ex gratia remedy for those who have suffered disproportionate loss? That is a fundamentally different approach.

Mr. Byrne: It is, and my hon. Friend might want to intervene again. However, the Bradley judgment and last week's court judgment confirmed the legal basis of the Government's ex gratia proposal, and that brings us to the point that there is no legal obligation on the Government to provide compensation for regulatory failure. The ombudsman appeared before my hon. Friend's Committee, and it may have been him who asked her directly whether she would have been content for the Government to accept all the recommendations and then provide no compensation whatever. I think that it was question 29 of the relevant report, and her answer was yes: she would have been, perhaps not satisfied, but content that it would have been perfectly legitimate for the Government to provide no compensation whatever. However, even though there is no legal obligation to provide compensation, all parts of the House agree that there is a legal and moral demand for the provision of some compensation. The question then becomes, what is the rational basis on which to put in place that scheme?

Mark Lazarowicz *rose*—

Mr. Byrne: I shall give way to the hon. Member for St. Albans (Anne Main) and then to my hon. Friend.

Anne Main: The Chief Secretary is doing a wonderful job of dancing on the head of a pin. I met Equitable Life victims yesterday, and the reason they have gone down their particular route is that they do not trust the Government. If we do not sort out the matter now, we will live with that fundamental break in trust—in terms of being encouraged to invest—as a very poor legacy of this situation. Therefore, may I ask the Chief Secretary yet again to respond to my hon. Friend the Member for Guildford (Anne Milton) on the question of dates? Spring is not good enough.

Mr. Speaker: Order. That was a notably lengthy intervention, but I feel that the reply from the Minister will be characteristically pithy.

Mr. Byrne: Spring is my target date for providing the House with the design of the ex gratia scheme.

Mark Hunter (Cheadle) (LD) *rose*—

Mark Lazarowicz *rose*—

Mr. Byrne: I shall give way to the hon. Member for Cheadle (Mark Hunter).

Mark Hunter: I am grateful to the Minister for giving way; he has been generous in doing so. All who are concerned on behalf of their constituents about the issue will not be surprised at what I suspect will be the fury of the many thousands of people who will have looked in on this debate and, frankly, expected and hoped—despite all the odds—for a little better from the Government. Has the Minister calculated how many fewer people—because people with legitimate claims are dying—he will have to pay by his target date of spring next year?

Mr. Byrne: Perhaps the hon. Gentleman will want to intervene again if I pose this question. How much faster does he think that compensation would flow to policyholders if an independent process were set up that then reviewed the investment decisions—all 30 million—of 2 million people? Will he intervene again and tell me how much faster he thinks that compensation scheme would be up and running?

Mark Hunter: I am happy to, because the point was made before: the question is not about having to review 30 million individual cases, but about reviewing policyholders' different levels of policy. With respect, the Minister is making a fatuous claim.

Mr. Byrne: I am glad that the hon. Gentleman says that a better approach is to review different classes of policyholder, because that is exactly the approach that Sir John Chadwick recommends. Perhaps the hon. Gentleman will answer the following question by intervening again. What is at stake is a test of approach, and the hon. Member for Twickenham prayed in aid the ombudsman's report, citing paragraph 9.27, which says:

> "My second and central recommendation is that the Government should establish and fund a compensation scheme with a view to assessing the individual cases of those who have been affected by the events covered in this report and providing appropriate compensation."

Is the hon. Member for Cheadle prepared to intervene again and say that that is the wrong approach and that we should consider providing compensation for different classes of policyholder, which is of course Sir John Chadwick's approach?

Mark Hunter *rose*—

Dr. John Pugh (Southport) (LD): If my hon. Friend will allow me, I should say that the Minister has not answered the question from our hon. Friend the Member for Twickenham (Dr. Cable). The Minister offers what he calls a swifter and better way, but, if it is, why has he not convinced one single policyholder—they are not stupid—that that is the case?

Mr. Byrne: All I can do is point to the ombudsman's recommendation for, and assessment of, when her proposed compensation scheme would be up and running and have concluded its business. That best-case assumption was December 2010. When we and, indeed, Sir John Chadwick looked at what running that scheme would entail, we found that it was a pretty conservative estimate of how long it would take to get through the business. I think that Sir John's approach is right and offers a swifter route to justice.

Several hon. Members *rose*—

Mr. Byrne: I shall give way to my hon. Friend the Member for Edinburgh, North and Leith (Mark Lazarowicz).

Mark Lazarowicz: I am grateful to my right hon. Friend for giving way again. I, unlike many colleagues, was convinced of the correctness of the Government's ex gratia scheme approach, rather than of an approach that seemed to be a lengthy way of resolving the issue. However, I am concerned about the time scale—and even more now. We are told that the proposals for the scheme will be in place by 2010. Allowing for the natural delay to such schemes, anyway, we are probably talking about proposals coming forward next summer and there will be months of debate after that. By the time any money starts being paid out, we will probably be well into 2011, or beyond. That is unacceptable, so may I ask the Chief Secretary to—

Madam Deputy Speaker (Sylvia Heal): Order. The hon. Gentleman's intervention has been quite lengthy.

Mr. Byrne: As I say, my goal is to ensure that a scheme is up and running within a timetable that is administratively quicker than the ombudsman's proposed approach, and I know that the House will hold me to account for delivering that proposal.

Rob Marris (Wolverhampton, South-West) (Lab) I do not share this love-in with the ombudsman, who took a slothful more than four years to produce her report. Nor do I share any love-in in terms of the time that the Government have taken. My right hon. Friend says today that a design for the scheme will be finalised by spring 2010, and that seems to be much better than the ombudsman's proposal to review 30 million decisions. However, spring is an elastic date. By what dates does my right hon. Friend think that pay-outs will start?

Mr. Byrne: That, I know, is the million dollar question, which I cannot answer this afternoon. *[Interruption.]* I know. Until Sir John has finished looking at the principles of how we calculate relative loss and assess disproportionate impact, both of which we will want to debate in the House, I cannot answer that question. I can commit to a date for the next stage—the scheme's design.

Mr. Mark Hoban (Fareham) (Con): The Chief Secretary is in danger of treating the House and our constituents like fools. He tried to dance around the issue of when payments will be made, and he said that Sir John Chadwick would design a scheme by spring 2010. Surely the Treasury has looked at how long it will take to implement a scheme. Treasury officials tell us that it has been working in parallel on those issues since Sir John's appointment. When will payments be made to policyholders who have lost out? The Minister must have an indication of the timetable for delivery.

Mr. Byrne: As I have said, the regulatory failures of the 1990s, which we are now attempting to clear up, unfortunately entail Sir John having to go back over 2 million policies and information going back to 1990, to review several hundred different products and to assess the relative losses that people may have suffered. That will entail, quite obviously, an assessment of the money that people could have made by putting their cash into alternative products. If a fair system is what we want, a fair system will require a thorough examination of the records. The hon. Gentleman will share my ambition and determination, given his party's responsibility for and involvement in some of the regulatory failures of the past, to ensure that the ex gratia scheme is fair to policyholders. He will not want any short-circuiting during the review; he will want us to ensure that all the records are checked.

Several hon. Members *rose*—

Mr. Byrne: I shall give way to the hon. Member for East Londonderry (Mr. Campbell).

Mr. Gregory Campbell (East Londonderry) (DUP): Can the Chief Secretary not assure the House and Equitable Life policyholders that, at the close of today's debate, they will receive what they have not received to date—clarity and certainty about the dates when payments will be made?

Mr. Byrne: I can only repeat the answer that I gave a moment ago.

Sammy Wilson (East Antrim) (DUP): The Chief Secretary has outlined the work that still has to be done, all of which I assume will be in the framework that he intends to have published by spring next year. What further steps must be taken after next spring that cause the uncertainty that he has expressed as to when payments will start?

Mr. Byrne: My assessment is that payments can begin moving quite quickly once the final design of the scheme is understood and provision is made from the public purse.

Mr. John Redwood (Wokingham) (Con): Is not the bottom line, then, that whenever the next general election is held the Government will go into it having to say to Equitable Life policyholders, "We have not agreed any compensation for you"?

Mr. Byrne: I hope that we will not be in that position.

Mr. Crispin Blunt (Reigate) (Con): I want to record my interest as a former Equitable Life policyholder in relation to my pension as a special adviser.

The Chief Secretary is treating all the policyholders with the most enormous contempt if he says that he will not put the responsibility on to them to assess the compensation for claims that they may put in. To say that he is going to set up a system that will assess 2 million possible investment decisions in order to come forward with proposals puts the thing precisely the wrong way round. The one way to get policyholders in a position to make claims is to reverse the burden and put the burden on policyholders to come forward with their claims against a set of criteria that the Government and this House set.

Mr. Byrne: I did not quite follow the hon. Gentleman's argument. I said that requiring individual policyholders to come forward and provide an explanation to a tribunal about how they relied on regulatory decisions that turned out to be erroneous, and then show how losses were entailed, would place an undue burden on them. That is why the proposal from Sir John Chadwick is quite different—it is to look at different classes of policyholders to understand what their relative losses are and to propose an ex gratia payment scheme on that basis.

Several hon. Members *rose*—

Mr. Byrne: I will give way one last time before I make some progress.

Mr. Binley: On 15 January, the Chief Secretary stated that policyholders would be paid. Why have not the Government done any contingency work at all on this matter? Why did they not start the process much earlier? Will he cut to the chase and tell us what disproportionality of suffering really means? People out there are bewildered and horrified by the Government's approach.

Mr. Byrne: In essence, relative loss is about losses that are suffered by policyholders once one has stripped out factors such as market movements, and disproportionate impact is about the effect of those losses on policyholders. As I said in an earlier answer, those are questions on which we have asked Sir John's advice, and I will bring those conclusions back to the House at a later stage.

Sandra Gidley (Romsey) (LD) *rose—*

Mr. Byrne: I will give way one last time and then conclude my remarks.

Sandra Gidley: I appreciate the complexity of the situation, but could the Chief Secretary confirm that Sir John Chadwick has had the resources that he needs to deal with it properly? Given that we get the impression that this problem is yet again being kicked into the long grass, could it be dealt with more quickly with more resources? Is Sir John dealing with it full time or part time?

Mr. Byrne: I asked Sir John before the summer whether he has sufficient resources to undertake the work that we have asked him to undertake, and he assured me that he had—but as I have explained, there is a considerable task for him to sieve through.

This has been a difficult legacy from the past that the Government have had to clear up. For me, the three principles are to deliver a payment scheme that meets the moral imperative to act; to deliver an ex gratia payment scheme in a way that is administratively simpler and faster than the way that the ombudsman suggested; and, perhaps most importantly of all, to ensure that the right people are included in the scheme. That is the approach reflected in the Government's amendment, and I urge my colleagues to give it their support.

1.44 pm

Mr. Mark Hoban (Fareham) (Con): Conservative Members welcome this debate and will support the motion in the Division Lobby later this afternoon. The motion has cross-party support, and early-day motion 1423, which is at its core, has support from Members in all parts of the House.

The strength of cross-party support is a testament to the work of the Equitable members action group and to the number of constituents whose lives have been badly affected by the problems of Equitable Life. Each of us will have had letters and e-mails over the course of the past couple of days asking us to support the motion, but throughout this whole period policyholders have maintained pressure on MPs to ensure that justice is done. Many Members will have received harrowing letters from constituents whose lives have been blighted by the crisis at Equitable Life. It is easy to get lost in the detail of the ombudsman's report, the Penrose report, the Baird report and the report produced by the European Parliament, but at the end of the day real lives have been affected by the problems at Equitable Life. The problems that arose back in the 1990s and at the turn of this decade continue to affect people's lives today as they wait for justice.

In their response to the ombudsman's report, the Government said, at paragraph 80:

> "Regulation is never an easy job and mistakes, even serious ones, will occasionally be made, but the real test for government is how it then responds."

So how have the Government responded? How have they passed the test? The reality, as policyholders see it, is that at each step of the way the Government frustrated the fight for justice for Equitable Life's policyholders. We need only look at the fight that we had to allow the ombudsman a second investigation into Equitable Life. First, the Government claimed that it was outside her remit—an argument that was disproved by my hon. Friend the Member for Chichester (Mr. Tyrie); then the report was delayed because the Government suddenly found new documents; then the Government bombarded the ombudsman with further comments, through the Maxwellisation process, as she sought to finalise the report. Then, although the report was published in July last year, the Government gave its formal response only in January, rejecting some of her findings of maladministration and injustice, and thereby triggering the court case in which there was a judgment earlier this month. I am pleased to say that the Government have accepted the findings of that case, as many people were concerned that they would appeal and delay the process still further. It is particularly welcome that those judgments include bringing trapped annuitants into the scope of the scheme.

At every step of the way, we have seen delay. Each delay has put off the day when eventually policyholders would receive compensation for the failings of the regulator—failings that were evident from the Penrose report published five years ago. Each delay has meant that policyholders have had to get by on much reduced pensions; instead of enjoying their retirement they have struggled and had to fight for justice. Each delay has also meant that, sadly, some people will never see justice, as policyholders die. The Government should be ashamed of having tried to block attempts to give justice to people who have been so badly let down over a decade by regulatory failure.

Conservative Members have been clear throughout this process. We have said that if the ombudsman found that there was maladministration owing to regulatory failure and that compensation was required, we would accept those findings. That was our position while we campaigned for the ombudsman to be allowed a second investigation, that was our position when the ombudsman published her report last year, and that is our position today.

Mr. Letwin: Does my hon. Friend agree that it was a signal moment when the Chief Secretary announced, on behalf of the Government, a constitutional doctrine whereby it was not necessary for the Government even to accept the findings of the ombudsman, leaving aside the question of compensation, and drew a distinction between that and a court judgment without ever explaining it?

Mr. Hoban: My right hon. Friend echoes an important point that was touched on by the ombudsman and raised in the Public Administration Committee report. There is almost a sense that the Government are using the ombudsman's status as an investigator rather than a judicial authority to wheedle their way out of taking responsibility for these things.

I want to return to a point that the Chief Secretary made on a couple of occasions when he said that there is a principle whereby the Government do not compensate for regulatory failure. If that were the case, the public bodies being investigated by the ombudsman would have been excluded by the Parliamentary Commissioner Act 1967, but they were not so excluded. That has led to the current position in which the ombudsman has the power to recommend that compensation should be given in cases of maladministration. Under the existing regulatory system, the Financial Services Authority is excluded from the ombudsman's remit. However, the approach that the Government have developed to the ombudsman's findings in this case was not raised in 2004, when the ombudsman sought a second investigation into Equitable Life, but emerged rather late in the day when the Government were trying to find a way to confound the ombudsman and confound policyholders' fight for justice.

Mr. Redwood: As the Minister who promptly paid compensation, with the permission of the House, after the regulatory failure in the Barlow Clowes case was found to be maladministration, may I ask my hon. Friend to confirm that a future Conservative Government would be prompt in making some compensation available to Equitable Life victims?

Mr. Hoban: My right hon. Friend speaks from his experience of Barlow Clowes. The Prime Minister has tried to avoid paying compensation to people who suffered loss through the maladministration of Equitable Life. He is trying to block the process and has fought every step of the way to prevent that from happening. I am happy to say that we want to ensure that policyholders receive the justice that they deserve. The Chief Secretary was careful in his language and phraseology about quite what would happen in spring 2010, so it seems that whoever wins the next general election will have to deal with the problem, and clear up the mess that this Government have left, in order to provide justice for Equitable's policyholders.

Miss Julie Kirkbride (Bromsgrove) (Con): I suspect that my hon. Friend's constituents, like mine, have been e-mailing him to say that they will be listening to the debate and watching how we vote. Tomorrow, as a result of what the Chief Secretary and others have said, I shall write to all the policyholders of whom I am aware. Does my hon. Friend have any advice or observations that I might put in those letters about how people who have suffered incredible financial loss might take their case forward from here?

Mr. Hoban: I have some clear advice that my hon. Friend might wish to give her constituents. History has shown that this Government have consistently sought to block compensation for policyholders who have lost as a consequence of maladministration, whereas the Conservative party has argued in favour of compensation for policyholders when there has been evidence of maladministration. There is a clear distinction to be drawn—a clear choice to be made, to use the phraseology that the Prime Minister is keen on—between the approaches of this party and the Members on the Treasury Bench. I hope that my comments are sufficiently clear for my hon. Friend to include them in her letter to her constituents tomorrow.

Sammy Wilson: Will the hon. Gentleman outline how he would approach the issue of compensation should there be a change of Administration following the next election? Would he be happy to go down the route recommended by the ombudsman, or would he be looking for a tailor-made scheme drawn up by his party?

Mr. Hoban: We accept the ombudsman's recommendation that payments should be made to policyholders who lost out. She was right to make her points about relative loss and the impact of compensation payments on the public purse, and I do not believe that anybody in the House disagrees about how that is to work. However, we need to consider the matter of the tribunal. Strong arguments have been made about how it should work and why there needs to be independent review, but I am conscious that policyholders have waited a long time for justice, because the Government have sought to frustrate and block the process. It is all very well for the Chief Secretary to be reasonable now, but some of his predecessors have been less than reasonable. I want to see justice given to policyholders speedily and fairly. They have waited long enough, and we should implement the scheme as quickly and fairly as possible.

We have been clear in our support for the ombudsman's recommendations. That is our position today and would be our position if elected at the next general election. We have also accepted the ombudsman's finding that there was a decade of regulatory failure. The Chief Secretary talked about cleaning up the mess that had been left, but he should acknowledge that some of the regulatory failures that the ombudsman identified happened on the current Government's watch. If he has cleaned up anybody's mess, it is the mess that has arisen as a consequence of the delays in dealing with the problem.

We agree with the ombudsman that policyholders should receive payments for relative loss and that the impact on public finances should be taken into account. We now need to understand how quickly the Government can move. Since January, when they accepted some of the ombudsman's findings—they have now been forced by the courts to accept others—the Treasury has failed to set a timetable for the resolution of the problem. That failure, coupled with the Government's tactics to date, create the strong impression that the Treasury wants to kick the matter into the long grass and put it off for another few months. That is not fair to policyholders, who want some certainty about when they might see a payment.

We have made some progress with the Government, and the Chief Secretary has announced that he expects Sir John to put forward a design for a payments scheme in spring 2010. What is less clear is when policyholders would receive their first payments under such a scheme. He said that the ombudsman's proposals might not mean payment before December 2010, but do the Government believe that payments will be made before that point under their scheme? Policyholders need further

[Mr. Hoban]

clarity, and I am surprised that the Government have not produced an indicative timetable of what may happen once Sir John puts forward his scheme. Perhaps when the Exchequer Secretary winds up the debate, she will put some flesh on the bones of what the timetable beyond spring 2010 should be. The Public Administration Committee called for an indicative timetable in its report, and it is disappointing that the Government have failed to establish one.

Anne Main: Will my hon. Friend touch on the Chief Secretary's words today that seemed yet again to indicate that means-testing is on the agenda, and on whether the Government are giving any steer on how the means-testing assessment will work? We have no idea what criteria the Government are thinking of using.

Mr. Hoban: What the Government mean by "disproportionate" is one of the matters that they are yet to address. The Chief Secretary's predecessor, the right hon. Member for Pontefract and Castleford (Yvette Cooper), was pressed on that when she made a statement in January. No further progress has been made on elaborating on what that means, which creates uncertainty in the minds of policyholders and a sense of doubt about the outcome. We need the Government to clarify their thinking about what "disproportionate" means in practice.

Mr. Robert Syms (Poole) (Con): A lot of Equitable Life policyholders are in great financial difficulty and quite frail. Is there a possibility of interim payments to assist them, or are they going to have to wait until the very end, when everything is done and dusted with the compensation scheme?

Mr. Hoban: My hon. Friend raises an important point. Some people affected are suffering real hardship, which has been prolonged by the delay in introducing the scheme. Once the Government have decided upon a scheme, having received Sir John Chadwick's recommendations next spring, I hope they will consider that seriously. There is a real risk that the suffering and hardship will continue without any clear end in sight.

Anne Milton: Does my hon. Friend agree that this is actually all very simple? A lot of hon. Members will make speeches today, but what my constituents want to know is what they are going to get, when, and what the calculation is based on.

Mr. Hoban: My hon. Friend is absolutely right: that is what our constituents want to know, and it is the essence of this debate and of the letters that we receive. I understand that Sir John Chadwick needs to work through what the scheme might look like, but when policyholders will get money is a really important question to answer. I thought that the Chief Secretary was going to get there today: he had a little dance around it, and teased us with, "I will come to that directly." I hoped that we might actually get a date, but all that we got was spring 2010.

We have had such statements before from the Government. We were promised a response to the ombudsman's report before Christmas, but it did not appear until the start of this year. The whole process has been characterised by delay after delay by the Government, and some certainty is required for our constituents who have lost out.

Dan Rogerson (North Cornwall) (LD): The hon. Gentleman is rightly focusing on the time scale involved, and other hon. Members have probed a little on that. However, I want to be clear about what he is saying about his party's position on this crucial issue. Has he decided that it is out of the question to go for what EMAG has been campaigning for, which is a completely independent tribunal? Is he setting aside any ambition for that and saying that any influence that his party might have in future will not be brought to bear on securing that?

Mr. Hoban: All I will say to the hon. Gentleman is that we want to see policyholders compensated quickly and fairly. We all need to bear that in mind when thinking about how the process might develop. By next spring, so much work might have been done by Sir John Chadwick that setting up a tribunal could delay justice still longer. We need to be really careful and to think this through to ensure that we get the right outcome for policyholders, who are waiting anxiously for some resolution of the issue. Sadly, as every day goes by, more policyholders die. I wonder whether they would thank us for further delaying the process.

Let me raise a couple of broader issues that we need to address. As my right hon. Friend the Member for West Dorset (Mr. Letwin) said in an intervention, the whole episode has brought into question the way in which the Government approach the ombudsman's work. At times, it has appeared that the ombudsman is an inconvenience and an irritant, whose work should be treated as a distraction. We must remember that the ombudsman is an Officer of the House, and the way in which the Government have dealt with her undermines an office of the House and is disrespectful to it. The fact that the ombudsman has had to issue a further report on Equitable Life is a sign of how frustrated she has been on the matter.

In evidence to the Public Administration Committee, the ombudsman said that

> "the Government's response was 'strong on assertion, short on facts', and that it 'fails to address the basis on which [she] came to several of [her] findings'. As she put it…Perhaps another way of saying that is the response says that I said something different to what I actually said and then says it disagrees with something I did not say".

I do not think that that is a very good position for an Officer of the House to find herself in. The Committee reported:

> "The fact that the Ombudsman feels that she has been misunderstood and misrepresented is an indictment of the quality of the Government's arguments as presented to the public."

We should acknowledge that the Chief Secretary has sought to redress that by recognising that the ombudsman's work has been undermined and that it should be celebrated more, but of course, what he needs to remember is that as MPs, we rely on the ombudsman to investigate claims of maladministration. To treat the ombudsman in such a way is to undermine the office and erode our constituents' confidence in the mechanisms that Parliament has set up to protect and help them.

I mentioned regulation and compensation in an intervention. The handling of Equitable Life, from start to finish, has undermined people's confidence in the regulatory system. The way in which the Government have sought to block the ombudsman's investigation into Equitable Life undermines confidence in the regulatory system. People want to know that the mechanism that is in place to protect them works and is respected, but the fact that the Government have sought to frustrate the ombudsman's inquiry undermines people's confidence that that mechanism is working. Therefore, we need to think very carefully about the relationship between Parliament and the ombudsman and what lessons we should learn from the process.

Mr. Oliver Heald (North-East Hertfordshire) (Con): Does my hon. Friend agree that one of the biggest challenges facing this country is persuading people to save for their future, particularly in the form of pensions? Half the population do not do so at the moment, so a saga such as this, in which people have no confidence in the pensions that they have bought, is an absolute policy disaster. The matter needed addressing a long time ago, and it is time the Government got on with it.

Mr. Hoban: My hon. Friend is right: the episode has undermined people's confidence. They need to have confidence in the pensions system if they are to save for their retirement, and also confidence in the regulation. People will not look beyond the headlines and will not be looking at the fine detail of the Parliamentary Commissioner Act 1967, which set up the office of ombudsman; they will just get the sense that the system that has been set up to protect them has not worked.

We need to ensure that our constituents understand that the actions that have been taken and the processes that have been put in place to protect them are now effective and working. Once we get people to trust those processes, perhaps we will see an increase in saving for retirement.

In conclusion, because I am conscious that other Members of the House want to take part in the debate—

Bob Spink (Castle Point) (Ind): Before the hon. Gentleman concludes, will he give way?

Mr. Hoban: No. I have been generous in taking interventions and have gone on for rather longer than I had hoped, and I am coming to the conclusion of my speech.

I ask those from across the House who signed early-day motion 1423 to vote in favour of the motion. That would be a clear sign to the policyholders that we are united in support of their campaign for justice, and a sign to the Treasury that the House wants speedy action to resolve the problem as soon as possible, and will not tolerate any more delays, obstruction or prevarication. It is not a partisan issue; it is about justice for policyholders, who put their faith in a regulatory system that has let them down. It is time for Members on both sides of the House to say to the Government that enough is enough, and that justice must be done.

Several hon. Members *rose—*

Madam Deputy Speaker: Order. I remind all hon. Members that Mr. Speaker has imposed a 15-minute limit on contributions from Back Benchers.

2.5 pm

Dr. Tony Wright (Cannock Chase) (Lab): I shall speak for much less than 15 minutes; indeed, I had not anticipated speaking at all, but I rise simply to say that I regard the matter—this will not go down well in the Whips' quarters—as a House matter.

When our ombudsman—the parliamentary ombudsman—makes a report to the House and says that injustice resulting from maladministration has not been remedied, and when she is then moved to make a special report to the House, which has happened on only four previous occasions in the history of the office of ombudsman since 1967, she is entitled to ask the House to take a view. All she can do is report to the House and ask it to take a view on whether her reading of matters or the Government's is to be preferred.

It is extremely unfortunate that we do not have a mechanism that gives the House collectively—I would hope on a free vote, because it is a House matter—the ability to determine the issue. We have not had a chance to do that. It is in some ways unfortunate, but perhaps necessary, that the only mechanism that has been found is an Opposition party motion on an Opposition day. From the point of view of the House and the ombudsman, it would be much better if there was a mechanism by which we could test the House's opinion, in a genuinely independent way, on whether it wanted to accept what an ombudsman had said in such special circumstances.

In the conclusion of her latest and special report to the House, the ombudsman states:

> "In this case, I am satisfied that the injustice I found in my report to have resulted from maladministration on the part of the public bodies responsible for the prudential regulation of the Society has not so far been remedied. I am also satisfied, for the reasons I have given above, that it will not be so remedied whatever the outcome of the work yet to be done by Sir John Chadwick…I consider that it is appropriate to draw this to Parliament's attention, given the scale of the injustice I have found and the nature of the Government's response—which means that this injustice will not appropriately be remedied."

Mr. Heald: May I say how much I agree with the hon. Gentleman that there should be a procedure to bring an ombudsman's recommendation in a special report before the House automatically? If he would like to refer the matter to the Procedure Committee, I would be happy to support him, and if he wants to table an early-day motion, I would be happy to put my name to it, because it is important that the ombudsman is respected, and there should be a proper procedure for the House to consider such a matter.

Dr. Wright: That is a very fine offer and I shall certainly take it up.

I am quite realistic about this. Such things test every Government. It is quite proper for a Government to say, "If we were to provide a remedy of the kind that the ombudsman suggests in this case, or indeed in any other case, there would be a cost." In this case, the cost is substantial—there can be no equivocation about that. The figures look slightly less daunting than they did a couple of years ago; we now know how to use these big numbers.

It is in the public interest for the Government to point to the sizeable public expenditure implications of the recommendations, but there is a larger public interest

[Dr. Tony Wright]

in maintaining the integrity of the ombudsman system. If we start to chip away at that and say, "Oh well, we'll accept some of her findings, but reject others," we chip away at the ombudsman system. This House decided to set up a system of independent investigation of the actions of public bodies, including Departments, and having adopted such a system we cannot—except in the most exceptional circumstances—say, "Well, actually, we do not like the findings, leaving aside the question of any remedy."

Mr. Byrne: I agree with much of what my hon. Friend says, but if a parliamentary ombudsman finds an injustice and proposes a remedy that is, let us say for the sake of argument, wrong, and the Government propose a different remedy, that automatically breaks the link between the injustice identified and the remedy on offer. What is the right way to approach that question, when a legitimate debate may be had about the range of remedies that may address the injustice that the ombudsman has rightly identified? I am sure that my hon. Friend would agree that it would always be unsafe, in any area of public life, to receive arguments and proposals as if they were written on tablets of stone. No matter who produces those conclusions, there must always be a way of testing them in case the remedies proposed are incorrect.

Dr. Wright: We are getting into interesting territory, and I am not sure how much further the House wishes to go, even though it is important territory. When the ombudsman was established 42 years ago, it was not said in the legislation that the ombudsman's findings would be binding. It was said that after recommendations were made, a response would be made. The assumption has always been that those recommendations would carry an authority with them and be routinely accepted. On the whole, that process has worked over the years.

We get into difficulties if Governments start saying that they want to depart from that convention, to pick and choose between findings and to vary the remedies recommended by the ombudsman.

Mr. Heald: The hon. Gentleman will know that for many weeks the shadow Leader of the House has asked for a debate on the special report from the ombudsman. That is the answer to the Minister's question: if the Government want to do something that differs from the recommendations, they should table a motion to be debated and voted on by the House.

Dr. Wright: The hon. Gentleman is right. It is also right that we should have this discussion. Having made a decision, the Government should put their case in the best way that they can, and my right hon. Friend the Chief Secretary is doing that. He made some important points about the mechanics of delivering redress systems, but the fundamental points are still at issue. Only the House can come to a view on those.

The ombudsman has settled views on how redress should follow from findings of maladministration leading to injustice. Redress is part of the system. We are not compensating for the mismanagement of the Equitable Life company, or for what happened to the markets that made life more difficult than it would have been otherwise for policyholders, but we are compensating for that element of serial regulatory failure that contributed to what happened to those policyholders. It was only late in the day during the ombudsman's inquiries that the Government suddenly announced the doctrine that they would not compensate for regulatory failure. The ombudsman rightly said to that, "Well, I wish that the Government had said that at the beginning of my inquiry." When she was carrying out her inquiry, those bodies were not immune from ombudsman investigation or from paying compensation for regulatory failure.

The principle that the ombudsman advances is the same as the principle she advances in every other case that she investigates. When she finds maladministration by a public body, the people affected should be put back into the position that they would have been in had the maladministration not occurred. She has applied exactly the same principle in this case as in every other case that she investigates. The question for the House—I keep saying "for the House" because it is for the House to decide and not the Government—is whether it wants to adhere to that principle or not. If it does, it will have to go with the ombudsman's principle of redress in this case, which would mean that all those who have suffered loss as a result of maladministration must have some remedy. When the Government say, on seeing the big numbers, "We will only, for the sake of charity, compensate those who have suffered disproportionately," the ombudsman rightly says that that is not consistent with the principles of her office.

The fundamental point is that we have to decide, not as party people—that is how we do everything else in this place and it often demeans us—but as House people, whether we want to assert the integrity of the office of the parliamentary ombudsman, which this House established more than 40 years ago, or want to see it progressively undermined. That is the fundamental issue and that is why I shall support the motion, although as I said earlier, I wish that we were having a free vote on the ombudsman's report itself.

2.18 pm

Susan Kramer (Richmond Park) (LD): I shall also try to be brief, because the hon. Member for Cannock Chase (Dr. Wright) said so much of what I wish to say, but said it a great deal better than I could ever have said it.

I first wish to congratulate EMAG. I am incredibly conscious of the many members of the action group and their appointed leadership who took the difficult decision to put themselves at risk and raise the resources to proceed with a judicial review. They have been utterly vindicated by the court, which accepted most of the principles that they brought before it, and changed the likely outcome for the many policyholders who lost money in Equitable Life because of regulatory maladministration. Those people deserve credit from this House.

I also join in the sentiment that the judicial review has been a marked success for Parliament and the parliamentary ombudsman. When the ombudsman produced her report, I was incredibly impressed, like many others, by the degree of detail, care and objectivity that were so evidently present in the analysis of the circumstances and the carefully drawn conclusions that she reached. I am shocked, therefore, by the Treasury response, which in many ways was arrogant, superficial and dismissive, and not the kind of response deserved by the work,

thought and care that went into the ombudsman's initial report. In a sense, the response was a comment on the Treasury's view of the ombudsman system.

Mrs. Theresa Villiers (Chipping Barnet) (Con): I cannot think of another instance in which we have seen the Government respond to an ombudsman's report in a remotely similar way. It seems that this is unprecedented. Does the hon. Lady agree?

Susan Kramer: I very much agree with the hon. Lady's comments. I also say to the Exchequer Secretary that we saw today a repeat of some of that attitude when the ombudsman's timetable for delivering compensation to injured Equitable Life policyholders was questioned.

Bob Spink: Does the hon. Lady agree that it would show greater respect to policyholders were the Labour or the Conservative party—whichever wins the general election next year—to undertake to make interim payments or payments in full to policyholders before the end of next year? That is a substantive issue.

Susan Kramer: I can only agree with the hon. Gentleman. On the ombudsman's timetable, the Government's response to the ombudsman's recommendations, published in January 2009, states:

"The Ombudsman has said that the scheme"—

the compensation scheme—

"should be established within six months of any decision being taken to set it up"—

the ombudsman would have assumed that that meant summer 2008—

"and that its work should be completed"—

completed means all payments made—

"within two years of its being established."

We would have been almost through the entire process had the ombudsman's ideas and structure, which came out of the detail of four years' work—they were not off the cuff or the back of an envelope—been accepted. Today, once again, the Government and Treasury have suggested something very different from the ombudsman's position.

Jo Swinson (East Dunbartonshire) (LD): I totally agree with what my hon. Friend says about the detailed work done by the ombudsman. We have an ombudsman to consider such cases and recommend justice. Does she agree, however, that the Government's response undermines the whole office of the ombudsman? Treating this report in such a way could create a precedent for future ombudsman reports being ignored and recommendations being cherry-picked.

Susan Kramer: I could not agree more with my hon. Friend. Everything that we do has the potential to create a precedent. I and, I suspect, many other hon. Members would like the ombudsman's role to be accepted and strengthened, rather than weakened dramatically.

I want quickly to raise a second issue. What, for most of my constituents, goes to the heart of the matter is the issue of "disproportionate impact", which is to be the principle for compensation payments. In June 2009, Sir John Chadwick, who was asked to consult on this matter, used the following phrase:

"I am satisfied that the Terms of Reference"—

his terms of reference—

"do not require me to engage in any form of means-testing in relation to individual policyholders."

What we have heard from Treasury Ministers today seems to conflict with that statement. Therefore, I hope finally to hear in the winding-up speech a definition of "disproportionate impact". I certainly do not want to argue against a principle if the Government have already abandoned it, but it did not sound to me, from the Chief Secretary's opening speech, as if they have.

Mark Durkan (Foyle) (SDLP): Like many of us, the hon. Lady has received many representations from constituents and others. Has she received any representation from any policyholder who feels that they suffered, or whom she believes suffered, merely a proportionate impact?

Susan Kramer: The hon. Gentleman speaks with great common sense and reflects the voices in the letters and representations that I have received.

Andrew Stunell (Hazel Grove) (LD): I am sorry to interrupt my hon. Friend when she is in such fine form, but does she not also agree that the fact that the judicial review struck down the Government's alternative plans shows very clearly that the Government have been on the wrong foot right the way through in their response to the ombudsman?

Susan Kramer: I am glad that the judicial review has been raised, and I agree with my hon. Friend. I do not want to repeat the comments about the judicial review made by my distinguished neighbour, my hon. Friend the Member for Twickenham (Dr. Cable), in his opening speech, because he summed up most of the situation extremely effectively. However, I want to point to one issue raised on the Floor: the presumption that somehow there is some resistance to the principle of compensating for regulatory maladministration. Comments were made by the judges on precisely that issue. We should pay attention to such comments when they come from such a distinguished source. They said that they

"found no evidentiary support, at least in the material before us, for the claim…that Parliament 'has accepted' that compensation for regulatory failure is 'not generally appropriate'".

These are judges. They understand how to read legislation and *Hansard*, and they did not think that this House had set up a barrier, or raised some principle, against compensating for regulatory maladministration. I understand the judges' words to mean that we might strongly presume that the House expects regulatory maladministration—as others have said, we are not talking about market or management failure at Equitable Life—by the regulator to lead to some form of compensation, or the expectation of it.

I do not want to take up the time of the House by talking about my many individual cases, but it is important to make it clear again on the Floor of the House—this has come up in previous debates—that people impacted by maladministration do not form a select group of highly paid, wealthy professionals who happened to take out exotic life policies. Those who have been impacted in my community range across the social scale. Some are on very low and meagre incomes; others are on decent incomes. However, the notion that this is a case of the rich coming to us with a cry from the heart is completely false, yet often that belief seems to underpin much of the thinking of those on the Treasury Bench.

[Susan Kramer]

I want to make a plea that I have made before on the Floor of the House: we should be able to hold such a debate in Government time. We have heard that from others, but we all ought to make it clear that this is our expectation. Many people will resist supporting a motion tabled by an Opposition party, particularly on one of its Opposition days, merely on the principle that that is what is done. That is unfortunate, because an issue like this, given the suffering that has been caused, overrides any such facile view of how Parliament should function. The Government keep challenging us, over and over again, on our position on this issue, but surely this is exactly the kind of instance in which the Government should be introducing the debate, presenting it to the House and allowing the House the final word. We live in a parliamentary democracy, and surely we must fight for that principle, as well as the principle of justice—real justice—for our constituents.

I want to make one last remark on Sir John Chadwick. I have great respect for him, but he has been very resistant to meeting the all-party group on Equitable Life policyholders, of which I happen to be the secretary. I find that unfortunate and I take it to mean that the debate that he is conducting is far less well informed than it should be. I ask the House to call again on Sir John Chadwick to rethink his interest in excluding Members of Parliament from considering these issues.

2.28 pm

Mr. Fabian Hamilton (Leeds, North-East) (Lab): I start by thanking the Chief Secretary for reiterating the apology given by his predecessor, my right hon. Friend the Member for Pontefract and Castleford (Yvette Cooper), which was certainly a good start.

Earlier, the hon. Member for Reigate (Mr. Blunt), who is no longer present in the Chamber, said in an intervention that policyholders should be able to come forward and apply for compensation against criteria and for a sum of money determined by this House. That was reiterated, in a way, by my hon. Friend the Member for Cannock Chase (Dr. Wright), who said—many of us agree with him—that we are talking about a matter for the whole House. It is a matter that should be discussed without partisan interest, but in the interests of our constituents only, as the hon. Member for Richmond Park (Susan Kramer) has said.

I was interested in the contribution made by the shadow Chief Secretary, the hon. Member for Fareham (Mr. Hoban). He said in his conclusion that the subject of this debate is not a partisan issue. I agree with that: it is not a partisan issue, and I hope that the parties here will not make it a party political issue for their own gain. It is something that the public look to this House as a whole, and that our constituents look to us as individuals, to put right.

On 24 June, I had an Adjournment debate in Westminster Hall. I was subsequently asked to stand as the joint chairman of the all-party group on justice for Equitable Life policyholders, which I agreed to do. There are many officers here today, from all parts of the House, who support that group and its principle of justice for those policyholders. I do not want to repeat the remarks that I made on 24 June, but I want to draw out some important points from that speech, to remind hon. Members and those on the Government Front Bench exactly why we are holding this debate. I am sorry that this debate is being held in Opposition time, as many hon. Members have said, because that has certain implications for the way in which Members vote.

I said on 24 June that I did not want simply to repeat the words that had been said in previous debates. I wanted to try to bring to the House some of the experiences of my constituents to remind us why we are debating the issue yet again, and to try to persuade the Government to agree to the recommendations contained in the parliamentary ombudsman's original report, "Equitable Life: a decade of regulatory failure", which was published in July 2008.

As we know, after the publication of Ann Abraham's report, the Public Administration Committee produced a report entitled "Justice delayed", on 11 December 2008. On 5 May this year, the parliamentary ombudsman published a further report, "Injustice unremedied", which has been referred to on a number of occasions. There is no shortage of reports, just a shortage of justice for those who through no fault of their own have suffered huge losses in their life savings, accrued over years of hard work. That surely cannot be right.

Like many other hon. Members who until recently knew little about how all that had come about, I was not very sympathetic at first. However, as the hon. Member for Richmond Park has said, as much as the world's oldest mutual insurance company had overstretched itself and as much as the real issue was poor regulation, I became more and more concerned about what my constituents were telling me. I suspect that that experience has been echoed throughout the House, and that there is not one Member who has not received correspondence from constituents about Equitable Life.

The Public Administration Committee said in the introduction to its December 2008 report:

> "Over the last eight years many of those members and their families have suffered great anxiety as policy values were cut and pension payments reduced. Many are no longer alive,"

as has been said,

> "and will be unable to benefit personally from any compensation. We share both a deep sense of frustration and continuing outrage that the situation has remained unresolved for so long."

The parliamentary ombudsman's second report, "Injustice unremedied: the Government's response on Equitable Life", is scathing about the inaction on her initial recommendations from July 2008. Indeed, she said in that report:

> "I was deeply disappointed that the Government chose to reject many of the findings that I had made, when I was acting independently,"

as my hon. Friend the Member for Cannock Chase pointed out,

> "on behalf of Parliament and after a detailed and exhaustive investigation."

I said that I would take a little of the House's time in highlighting some of the cases that have been brought to my attention by constituents. I want to concentrate on one case only, which I am sure will ring a bell with many Members. This particular lady, Mrs. H of north Leeds, told me that her modest income of £200 a month was reduced overnight to less than £100, although she now receives about £120. She is 83 years old. She was dependent on that £200 each month, so when it was initially reduced by more than half, she found it hard to cope financially. It was only the help from her ex-husband

that kept her going. However, she still struggles every month, owing to the continued shortfall in income.

Why, then, is the regulator to blame? We have heard a number of views on that this afternoon. Surely investors must have understood that their investments could decrease as well as increase. How could Equitable Life maintain a rate of return and a guaranteed annuity rate beyond those of any competitor in the market? Those are the questions that Ann Abraham addressed in her initial report of July 2008, which took four years to complete. Her answers are at the heart of the anger expressed by investors through the Equitable members action group. At the core of the problem is the fact that Equitable simply could not meet its obligations—obligations that it had made for itself, because it had made no provision for guarantees against low interest rates on policies issued before 1988.

We know also that, following the House of Lords ruling in July 2000, the society stopped taking new business in December of that year, which effectively spelled the end for Equitable. More than 1 million policyholders found that they faced cuts in their bonuses and annuities, which caused a huge loss of income—income on which many of those small investors depended. After all, the average investment for the 500,000 individual policyholders was just £45,000, which even at its height yielded no more than £300 a month, according to EMAG.

As has been pointed out, we in this country, along with many countries in the western world, have a growing problem: the problem of an ageing population that needs to be encouraged to make greater provision for its retirement and old age, as the state will simply not have sufficient resources to provide enough money in statutory pension payments. That is a controversial issue and a source of great debate. The problem will only become worse as the years pass and the proportion of younger people in work declines in relation to those in retirement.

It is already clear that my generation—those in their mid-50s—will have to work longer before retirement, whichever party wins the next general election. However, unless we can save more and see our savings grow securely, there will be little confidence that there is any point in saving at all. I believe—many other Members have also expressed this view—that the Equitable Life scandal has severely reduced the confidence that the people of this country have in the principle of saving for retirement.

Anne Milton: Does the hon. Gentleman agree that there are two emotions? The first is the anger of the policyholders, who are angry that they have been let down by a system that they believed in, and the second is the one that he is talking about, involving trust. There has been a huge loss of trust, not only in the Government, but in the ability of those in this House to bring such matters forward, as the hon. Member for Cannock Chase (Dr. Wright) pointed out earlier.

Mr. Hamilton: I agree; indeed, the situation is much more serious. People always lose confidence in the Government of the day, because they blame them for everything. However, people have enormous trust in this House. They may not like MPs or Parliament generally, but they like their constituency MP. They look to us to come here and use this House to redress injustice. It is the loss of trust in this House that worries me far more than the loss of trust in the Government—a Government whom I, of course, wholeheartedly support.

Robert Neill (Bromley and Chislehurst) (Con): I follow the hon. Gentleman's interest in such matters. Following that point, does he agree that the loss of trust is compounded in this instance? Not only is there an appearance of failing to take on board the recommendations of independent adjudicators, but people still have some trust in the courts system, and the condemnation in Lord Justice Carnwath's judgment of the stance taken is comprehensive. If the House ignores the judgment of distinguished lords justices sitting in the divisional court, it will make people's lack of faith and trust in the House even worse, and compound this very real problem. As the hon. Gentleman says, it will create real difficulty for people on limited incomes.

Mr. Hamilton: That is why I agree with many right hon. and hon. Members—especially my hon. Friend the Member for Cannock Chase—that the decision on how we should respond must be a matter for this House. The hon. Member for Reigate also made that point. I fully accept that there are huge implications for the Treasury and for taxpayers' money, but we have seen far greater sums of money being used in the past 12 months to rescue our banking system—rightly, in my opinion. Surely, Equitable Life investors who have lost out as a result of regulatory failure deserve the justice not only that the courts have said they should receive but that the ultimate court in the land, this House, thinks they should have. I urge the Government to allow sufficient Government time for a full, proper debate on this matter, with a free vote, so that we can make our views as Members known to our constituents and give our constituents the justice that they deserve.

If investing a large proportion of earnings results in that money either disappearing or being greatly reduced in value, the resulting lack of trust in the system will lead to increased poverty in old age. It will also remove any incentive to make personal provision from a lifetime's earnings. In the end, the state will have to foot the bill, thus increasing the cost to us all through taxation.

It has been said that this is a scandal that affected only the well-off, and that ordinary people with relatively small savings were not involved. Let me remind hon. Members and the Government that EMAG told the Public Administration Committee that

"the majority of Equitable Life's policyholders had modest sized pensions and were not 'fat cats' who 'risked their money to get above average returns'. In particular, the average investment of the half million individual policyholders amounted to £45,000 each, which in today's money would buy a pension paying around £75 per week".

Daniel Kawczynski (Shrewsbury and Atcham) (Con): I am grateful to my fellow co-chair of the all-party parliamentary group on Equitable Life for allowing me to intervene. His comments about Members of Parliament scrutinising this issue resonate with me. Does he agree that it is important for outside bodies—and for Sir John Chadwick in particular—to come before the House and to be held to account? Does he share my concern that Sir John Chadwick has refused to come to Parliament to interact with members of the all-party group?

Mr. Hamilton: My honourable co-chair makes a good point. It has already been pointed out that, since Sir John Chadwick was appointed, he has refused to come to the House or to deal with individual Members. It is time that members of the all-party group, on behalf of all

[Mr. Fabian Hamilton]

Members, were able to meet him and question him on the way in which he is setting about the business of remedying this injustice. I urge him from these Benches—I hope on behalf of all hon. Members—to talk to Members of Parliament as soon as he possibly can. It is important that he should be accountable to us, and that our constituents should be able to see that he is not refusing to talk to us.

I conclude by once again asking the Exchequer Secretary to the Treasury to answer the four questions that I put at the end of my Adjournment debate on 24 June. I hope that the House will forgive me for reiterating these points. Sadly, she ignored them completely at the end of that debate, and I hope that she will be able to respond to some or all of them today.

First, will she amend Sir John Chadwick's terms of reference to include all the recommendations of the parliamentary ombudsman's report, "Equitable Life: a decade of regulatory failure"? Secondly, will she agree to implement EMAG's proposal that Parliament set a total amount of compensation for individual policyholders affected by the collapse of Equitable Life, then allow the proposed tribunal to get on with the job of distributing that money quickly and fairly? Thirdly, will she accept that the delay caused so far has meant that many policyholders who suffered through no fault of their own have either endured financial hardship or died in the meantime? My understanding is that 15 such policyholders die each day. Fourthly, does she accept that, for many, the phrase "injustice unremedied" has real meaning, and that it is about time that the hundreds of thousands of investors received real justice?

If the Minister can answer these questions positively, this injustice could be brought to an end rapidly and the Government would receive the credit for its resolution. If not, I fear that the resentment and bitterness will continue, with huge cost to the individuals who have suffered and to the country as a whole. I remind the House that justice delayed is justice denied.

2.45 pm

John Barrett (Edinburgh, West) (LD): I shall not take the full allocation of my time in the debate, to ensure that all my colleagues who wish to speak can also get in. I should like to thank my hon. Friend the Member for Twickenham (Dr. Cable) for his opening speech, and I shall try not to repeat the points that he made. I advise anyone reading this in *Hansard* that his speech is worth reading from start to finish.

I am delighted to have been called to speak today. I remind the House of a previous Liberal Democrat Opposition day motion on an issue of fairness and justice. At that time, many MPs from all parties got together and did the right thing. That day, it was for the Gurkhas, and common sense and decency prevailed. Equitable Life policyholders, who I am sure will be following today's debate, will be hoping for more of the same from the House today. Parliament was in the news last week for all the wrong reasons, and today's debate gives us a chance to show this place at its best.

It is a scandal that we even need to have this debate. Quite apart from the number of times we have spoken about this issue in this place and in Westminster Hall over the years, we have also had an ombudsman's report, a damning Public Administration Committee report, an almost unprecedented special report from the ombudsman and now a High Court ruling, all of which concluded that there is an injustice that needs to be remedied quickly. It seems that it is only the Government who do not get the message.

Today's debate takes place in the context of last week's court ruling. Treasury officials tried their best to spin the outcome, but it was clear to everyone, including the judge, that the policyholders were the principal victors. I was glad to hear yesterday that the Government will not be seeking to take the decision to appeal. Of course, we should remember that, were it not for the tenacity of EMAG in bringing the case to court, it is likely that the Government would have got away with their inadequate response to Ann Abraham's initial report. That raises this question: what use is an ombudsman, if they are simply ignored by Ministers and the Government? The fact that the ombudsman felt that she had to issue a special report to highlight the Government's inaction is a disgrace. This is only the fifth time in 42 years that the ombudsman has felt moved to use the so-called nuclear option, and it shows how serious the Government's negligence has been.

Daniel Kawczynski: The hon. Gentleman paid tribute to EMAG, and I echo that sentiment. Will he join me in particularly congratulating Mr. Paul Braithwaite, who has spearheaded this campaign? He has been to the House of Commons on many occasions to interact with the all-party group on Equitable Life, and he has really driven the campaign forward.

John Barrett: I am happy to concur with that.

A lobby of Parliament by Equitable Life policyholders is scheduled to take place next month. I have read that the lobbyists will be drawing our attention to the fact that 15 policyholders die each day waiting for justice while the Government drag their heels. It is a great testament to the policyholders that they are prepared to keep fighting for the cause not only for themselves, but for those who are no longer with us. Let us be very clear, however: they should not still have to be fighting.

Like all hon. Members, I have a great many constituents who been affected by the collapse of Equitable Life. They include Ian Fairweather, John Stepney, James Michael Morton, Hana Hornung and John Smith, among many others. Those people did the right thing and made provision for their retirement. The proposed payout scheme looks as though it will leave 90 per cent. of policyholders with little or no help at all. That is simply not good enough. In fact, it makes me think of my constituent, Joe Shepherd, who has been fighting for justice in pensions—not against Equitable Life—for 19 years. He has gone through three MPs and when I stand down at the next election, he will be into his fourth. He is now in his 80s and he is the last pensioner from the relevant company left, yet he has still not had justice. I dread to think how many Equitable Life people will be in the same position.

If Equitable Life policyholders are left with nothing, what message does that send out to the next generation, who are already reluctant to save towards their pensions? My constituents who have lost significant sums of money are justified in asking why Equitable Life is treated so differently from a failed bank. I have no good answer for them. At today's Prime Minister's Question Time,

the Prime Minister responded to one of the later questions by saying that not one saver had lost money in a British bank. We in this place have to ask why the Government are not giving the same pledge to Equitable Life savers.

My hon. Friend the Member for Twickenham mentioned earlier that some Members were not elected to this place when the whole saga started. Many Members, for the same reason as me or for other reasons, will not be in this place when—hopefully—the payments start to go through. In my own city of Edinburgh, which has seen many Equitable Life members badly hit, I believe that a number of MPs, including a number of Labour MPs, will lose their seats at the next election. I think that they will have let down Equitable Life policyholders.

The treatment of Equitable Life policyholders is one of the great injustices of this Parliament. It is a mess of this Parliament's making and we need to sort it out and to do it quickly. The Government have just over two weeks to give their response to the High Court ruling. The great tragedy is that for too many policyholders, time has already run out.

2.51 pm

Dan Rogerson (North Cornwall) (LD): I start by congratulating my hon. Friend the Member for Twickenham (Dr. Cable) on introducing the debate and making use of this Opposition day to outline, as other hon. Members have said, what could have been done differently by the Government. It is very important to have this debate, carrying on from our previous debate in Westminster Hall. I thus congratulate my hon. Friend on his use of Opposition day time and, of course, on his excellent introduction and the way in which he framed this afternoon's debate.

I also pay tribute, as have others, to the Equitable members action group, to the all-party group and the Select Committee, which has examined the issue in detail. I also mention the work of the ombudsman: although at least one other hon. Member has commented on how long that took, it is nevertheless part of the process of getting us to where we are today.

Hon. Members of all parties have been assiduous in pursuing this issue on behalf of individual constituents, but also because most of us are motivated, I hope, by a sense of justice in all we do. I sometimes think that there is little more than a great injustice—whether it be to an individual or to a whole group of people—that can motivate MPs in taking hold of particular issues and not letting them go. This situation falls into the category of a whole group, as many people across the country are affected by the issue and they will continue to be affected by it until they have some form of resolution.

I am pleased that so many Members have had the courage of their convictions and signed early-day motion 1423, which I hope is a statement of intent for later today. What we are debating today is essentially the same principles as are in the motion. Although I understand that Labour Members find themselves in some difficulty in thinking about how to vote on an Opposition day motion, I hope that they can set it aside, because, as has been said, today provides our only opportunity. While many hon. Members have expressed a hope that the Government will bring something forward to return to the issue later on, I have to say that the evidence thus far does not lead me to the conclusion that that will happen. This may well be the only opportunity that the House has in the near future to get something on the record and have a vote on this crucial issue. I urge Labour Members—I understand their difficulty—to carry through what they have already done in signing the early-day motion.

In 2000, what happened through Equitable Life's default was hugely painful for all those who had invested, but those involved in the mismanagement of the funds are not solely to blame. The Government as a regulator and the agencies that the Government established to regulate financial matters have been shown, sadly, to have failed time and again in recent years. We must be absolutely clear that those failures were under the watch of this Government and their predecessor, as they looked into what was going on in Equitable Life. The people who invested in good faith expected the regulatory mechanisms to guarantee their interests, so they feel very let down. They have, of course, been let down particularly badly.

What action, then, can we take finally to offer some justice? The Government say that ex gratia payments are an adequate mechanism for providing that, but I am not convinced that they are. Members of the action group, who have acted very effectively on behalf of all the Equitable members, certainly do not feel that that is the case. Of course, whatever happens will cost money, but as other hon. Members have said, the Government have found the money in other circumstances—to bail out the banks, for example. My hon. Friend the Member for Twickenham made the point that investors in banks found their interests protected and he asked why Equitable members should not also find their interests protected in the same way.

Money has also been squandered in other recent Government pet projects—on big IT projects and certain foreign adventures that have been launched against the demonstrated will of the people living out there in the relevant countries. Money has been found for those things, but not, it seems, in this case. It may well be painful to find the resources to provide this measure of justice, as we are being invited to do, but however difficult it is, the central issue is natural justice and it must be met.

At every turn, the Government have dragged their heels. Many Members have sought to focus on the imperative to get this issue dealt with as soon as possible because some of the people involved are, sadly, no longer with us—and there are others who, sadly, will not live to see the benefit of any compensation scheme. We must not allow any imperative to act against the issues of fairness that EMAG has raised all along.

In other fields, I know that the Government have sought to speed the processes up. Sometimes, in my view, they have done so against the interest of securing the right resolution. In a planning Bill of a couple of years ago, for example, there was an absolute dedication to getting all major infrastructure planning issues sorted out in six months; what is important to me, however, is reaching the right decisions in these circumstances. Yes, time is important, but it is not the only thing that we have to consider.

I have been in regular correspondence with a number of my constituents affected by Equitable Life. There are about 50 or so of them, but I well know that there are many more in my constituency who have not contacted

[Dan Rogerson]

me about it. They have contacted EMAG and may be cynical about whether they will ever get the resolution they want and deserve. In every one of our constituencies, there are so many people affected, and they are watching what we are discussing here this afternoon.

I spoke to a couple of constituents this morning. What touched me is that they both prefaced their remarks by saying, "Others are far worse off than I am. Others are going to be affected worse. My retirement plans have been affected, as has my ability to do things like replace my car, which is currently on its last legs, but I have lost only £9,000"—and in the other case, it was between £13,000 and £14,000. Those are significant sums for those people, but I thought it revealing that they adopted the approach of talking about others who were even worse off than themselves.

We clearly need a scheme that is reasonable and takes account of the constraints on resourcing, but it must also compensate properly and it must not be a token effort. In order to be reassured that that is the case, it needs to be overseen, as my hon. Friend the Member for Twickenham said earlier, by an independent tribunal. He set out how that could happen without setting aside the work put in up to now.

Robert Neill: I very much agree with the hon. Gentleman, whose experience in his constituency is similar to mine. Is not the conclusion he advances reinforced by the findings of the Public Administration Select Committee, which rightly made it clear that compensation was

"not a matter of charity, but a requirement of justice to redress a wrong"?

Should that not be the principle that underlies any decision taken on this matter?

Dan Rogerson: As ever, the hon. Gentleman speaks with great authority, and I agree with his comments. As many hon. Members have said, we must consider an approach that is based not on issues of hardship and on means-testing, but on justice. The Government's written responses have not contained a good enough apology for the failings that occurred, and it would reassure people to see that in writing. We need a fuller apology, something that provides hope for those Equitable members who are affected, and genuine measures that offer them justice.

Earlier, I probed those on the Conservative Front Bench on their proposals, and I completely understand their desire to push forward and criticise the Government for the speed of their response. However, bearing in mind that they have added their signatures to the motion tabled by my right hon. and hon. Friends, which is welcome, I am disappointed that they are stepping back a little from an independent tribunal, which is crucial to reassuring Equitable members that their interests are being looked after.

Mr. Denis MacShane (Rotherham) (Lab): The hon. Gentleman makes his case calmly and fairly, and it will have an echo in my constituency. It is good that he is putting ideas in front of us. Obviously, in the Division, which will be on party political lines, we will vote as we will. May I say that I hope the Government take on board some of the ideas put forward, because an injustice was done and needs to be put right? I congratulate him on his thoughtful and measured case.

Dan Rogerson: I am grateful to the right hon. Gentleman for his kind remarks, although I am perhaps slightly disappointed by the signal he has sent as to which Lobby he might find himself in later. I hope that he will take the chance to reconsider that on the basis of further contributions.

John Barrett: Will my hon. Friend expand on why the decision ought not to be made on party political lines?

Dan Rogerson: Many hon. Members have served in local government, where, when difficult decisions are faced, administrations often talk about being above, and not wanting to get into, party politics. However, when the boot is on the other foot, they are quite happy. When the courts have handed such an issue back to the House, for it to respond to the ombudsman, hon. Members must take a view based on the interests of Equitable members in their constituencies, irrespective of which party has put forward the proposals. I hope that they will do that later, and as has rightly been pointed out, many Members signed the early-day motion and put their comments on the record. Therefore, if they decide to vote with us, it should be easier for them to justify that decision to their Whips.

My hon. Friend the Member for Edinburgh, West (John Barrett) also drew a strong parallel with an earlier Liberal Democrat Opposition day vote on the Gurkhas. I had the honour of being a Teller on that occasion, and in what I hope is a sign of things to come, I delivered the verdict to the House. Tonight, I hope that hon. Members across the House will unite to send a strong signal to Equitable members and the Government that the Government's proposals are inadequate, that we need to focus on what the ombudsman, EMAG and people across the country have said would be the right, meaningful compensation, and that we need to do that quickly.

3.3 pm

Mark Durkan (Foyle) (SDLP): Other right hon. and hon. Members have rightly raised the issue of the proper standing and treatment of the parliamentary ombudsman by the House and by Government. At a time when the House's reputation has taken all sorts of damage over expenses, we need to remind ourselves that people have a more fundamental question about not the expense but the worth of the House. When Equitable Life policyholders see the clear findings of the ombudsman evaded and dismissed, and the work and worth of the ombudsman's report denigrated by Government, that raises questions about the credibility of the parliamentary apparatus.

Given the number of Members who have signed early-day motions and written replies to Equitable Life policyholders, those policyholders know that a clear majority in the House wish to see proper remedy for their injustice. But when we allow ourselves to be frustrated by procedural chicanery, they question the worth, relevance and responsiveness of the House. If even a Select Committee being clear in its findings and conclusions on the issues can count for little, we should join the public in being worried about the role and relevance of the House.

It has taken a court case to bring acknowledgement of the kind that we have seen from the Government this week, in accepting findings of the ombudsman that they had previously resisted and rejected. I say to hon. Friends who approve of the terms of the Government's amendment that we should remind ourselves that those

terms would probably be different had last week's court case not taken place, and the Government not moved to accept the findings in the way that they did.

I am also a little perturbed that the Government have sought to downplay the scale and nature of some of those findings, and to minimise the court's findings and the fact that it came down heavily against the position taken persistently by the Treasury. For the Government to say, "It was only on this thing that the court came down against us, and they were for us on something else," is like trying to pretend that a tyre is only flat at the bottom. It is simply not a credible position. Thankfully, the House has the benefit of that important judgment, and the Government are now showing the wisdom and responsiveness at least to accept key aspects of the judgment, which I welcome.

However, we know from the written ministerial statement and some of what was said today that serious questions still arise. I listened to the Chief Secretary tell us that the Government's ex gratia payment scheme, based on Sir John Chadwick's proposals, will be up and running by spring. Therefore, we must ask ourselves: what exactly does "up and running" mean? Does it mean that the scheme is coming soon, or will be open for business soon? I hope the Exchequer Secretary will tell us later.

Mark Lazarowicz: I hope the Exchequer Secretary will clarify that point, because my understanding was that the scheme would be available by the spring, not that money would be going out by then.

Mark Durkan: I thank my hon. Friend for amplifying my question. We all want to know what "up and running" means. We also heard the Chief Secretary, in reply to a question, say that he had spoken to Sir John Chadwick, either before the summer or in early summer. Another hon. Member asked whether Sir John Chadwick had adequate resources or needed more. Since the judgment, however, the scope of Sir John Chadwick's work has expanded. Instead of going back to July 1995, it must go back to July 1991. I wonder whether the Chief Secretary should be talking to Sir John Chadwick again to see whether, in the light of the judgment, he has sufficient resources. If, as the statement admits, his work has additional scope, does he not need additional resources? As other hon. Members have raised the failure of Sir John Chadwick directly and sensibly to engage with the all-party group or any other Member, such engagement might be usefully explored, so that we fully understand the implications of the court case for his continuing work.

Sir John Butterfill (Bournemouth, West) (Con): The hon. Gentleman will know from my previous interventions on the subject that many of my constituents, including members of my own family, have been affected. Does he agree, however, that it is strange that the Government should still hang on to some vestige of a means test for people who have suffered so badly? During the banking crisis, they did not means-test those who might have lost their money in a bank; they paid up. Why should this be different?

Mark Durkan: The hon. Gentleman has made his point very eloquently. Many of us have questioned the Government's announcement that ex gratia payments will be made to people who have suffered "disproportionate impact". I understand why the Chief Secretary or other Ministers may be unwilling to give a single example of disproportionate impact, and probably cannot provide a comprehensive definition of everyone who has suffered one, but could we at least be given a definition of a proportionate impact? That would enable us to identify those who might be counted out, although I have certainly not heard from anyone who feels that he or she has suffered proportionate impact.

Daniel Kawczynski: The hon. Gentleman mentioned the resources that Sir John Chadwick had at his disposal, and that is critical to the speed with which the issue will be resolved. However, EMAG has expressed the fear that some of the resources may be inappropriate, because one of Sir John's most important advisers has been seconded by No. 10 Downing street. EMAG feels that that constitutes a conflict of interests.

Mark Durkan: Obviously there are various arguments to be made about foxes and chickens, but, given that the Government have accepted the court judgment, I think we should be asking how we get to where we need to be from here, rather than necessarily testing any of the personnel who have been involved so far.

This situation, which long predates my time in the House, has continued for far too long and affected far too many people. Those people were bemused by jargon; then, just when the way seemed clear, there was obfuscation and evasion. It has been like one of those Homer Simpson nightmares. Every time people think that the nightmare is reaching a conclusion, there is some new twist, and off it goes in another awful direction. They are left bewildered, and with a further sense of loss, suffering and frustration to add to their ongoing loss. We need to bring this scandal to an end by providing a remedy for the clear injustice that has been identified.

As the hon. Member for Edinburgh, West (John Barrett) pointed out, people are particularly at a loss to understand why their situation has dragged on for so long, and why the Government have been so intensely resistant when it is possible to apply so many measures to underwrite the losses—or potential losses—faced by others such as Icelandic banks. People will inevitably and sensibly draw those comparisons. It is not a matter of their being jealous or unduly concerned about themselves. Those are natural questions asked by policyholders, and asked by us, as public representatives, in the House.

If it is right to underwrite others in the context of the banks because we want to underpin the stability of the finance system, surely it is right to provide a proper remedy for these policyholders so that we can underpin confidence in the pension system in the future. If we want to encourage people to save for their pensions, and if we want to encourage them to become involved in schemes such as this—as we are doing increasingly; indeed, we are imposing on them a requirement to become involved—we must at least give them some basis for confidence. That is why we need to move further and faster.

We know that EMAG has said that, for the purpose of an overall outcome, it wishes the House to identify a sum that would be available to remedy its members' plight. In the context of either an outright compensation scheme or the ex gratia payment scheme to which the Government have referred, I hope that the Exchequer Secretary will tell us whether, if the scheme is to be up and running by next spring, the Government will announce

[Mark Durkan]

a clear quantum sum that will be available. Will we hear from them by the time of the pre-Budget report, for instance? If in telling us that the scheme will be up and running by the spring of next year, the Government want us to believe that money will be paid out during the next financial year, when will we hear what quantum will be available? If the Government continue not to give any indication of the amount that they intend to make available, we shall inevitably have doubts about their real intent.

I know that the issue of the money will be difficult, but in a sense it brings us to the real issue of what is or is not considered by the Treasury to be disproportionate. When a Treasury statement talks of policyholders suffering a disproportionate impact, we know that the Treasury's real motivating concern is fear of the disproportionate impact of a compensation scheme on the public purse. If that is the real fear, let the debate be clear about that, let the Government be clear about it, and let the Government be clear about what they think would be a proportionate sum of money to offer. The rest of us, having considered the issue properly in today's debate, can then decide whether that amount is adequate, realistic or meaningful.

3.15 pm

Mr. Mike Weir (Angus) (SNP): As a number of Members have observed, this matter has been dragging on for many years. After all the years that I have spent dealing with it, I have a file full of letters and reports that would choke an elephant. Like other Members, I have many elderly constituents who are affected by the collapse of Equitable Life, and, sadly, some have died waiting for justice. Other Members have also made a point with which I strongly agree: that the Equitable Life crisis is part of a much more general crisis of confidence in savings and pensions. If we do not get this right—if we do not demonstrate that people can expect justice when things go wrong through regulatory fault—we shall have a serious problem with persuading people to save for pensions and their own future.

Many of my constituents, like those of other Members, have approached me and asked, "If the Government can bail out the banks, why will they not do anything about my problem with Equitable Life?" We can argue about the macro-economics, the economy and the need to bail out the banks, but it is a reasonable question. However, there is a better analogy to be made, although I appreciate that it is not exact. The Government instituted the Pension Protection Fund. They rightly took action to help people who found themselves in danger of losing out when company pension funds were becoming insolvent—ensuring that they received a large proportion of the available funds so that they would not face poverty in retirement—and to shore up the sector.

It seems to me that the same principle should apply in the case of Equitable Life. Equitable Life was effectively a pension scheme for, in particular, many self-employed small business people. Those people invested in Equitable Life policies because Equitable Life was seen as a large and very sound company. Many financial advisers pushed those policies over many years, especially—as was pointed out by the hon. Member for Richmond Park (Susan Kramer)—to small business men. Now those people find that their pension pot has effectively disappeared, or at least been severely reduced. What is the difference between them and those whose company pension funds become insolvent, other than the fact that they are losing out partly because of a failure of regulation? Indeed, in many ways they are in a stronger position than others to demand compensation. That is particularly true in view of the fact that, at least for part of the time involved, the regulator of Equitable Life was the Treasury.

I was deeply troubled by what the Minister said in his opening speech. He said that there was no obligation for compensation to be provided. I cannot believe that that is the case, given that the Government were effectively the regulator for at least part of the time. I understand to some extent the Minister's concern about the impact on public funds of compensating all Equitable Life policyholders who have lost out as a result of the failure of regulation, but I feel that to impose the scheme that the Government are proposing goes against natural justice. If a loss has been suffered through maladministration, surely the victim of that maladministration is entitled to compensation regardless of his or her personal circumstances.

There is a question that still hovers over this issue. It is to do with the possible means-testing of the victims of the Equitable Life collapse. The Minister has been asked on many occasions in the debate to define disproportionate loss. It is not at all clear what that means—how it will be determined and what it means for people. Given the Minister's comments, it seems to me that in the circumstances under discussion, the concept of disproportionate loss clearly amounts to a means test applied to the person who has suffered a loss from the failure of Equitable Life. Even if that is the case, it is still not clear how the concept is to be determined, so we need clarity. Is the Minister talking about a disproportionate loss on a particular class of investment or is this about the personal circumstances of an individual? We need to know.

The Minister said that the Government's position was an attempt to speed up the system, and after 10 years it could certainly do with some speeding up. He attacked the alternative system involving a tribunal by saying there would have to be a case-by-case investigation—but if the Government are determined to impose a concept of disproportionate loss and that is to be conducted through a means test on the individual, how will that be done unless each case is gone through separately, looking at the loss suffered and the personal circumstances of the individual? It therefore does not seem to me that imposing this strange concept, which is nowhere explained, will speed up the system at all. I fear the system will grind even closer to a halt.

Equitable Life policyholders have waited 10 years for some justice. We have inched forward slowly. In January, I spoke in a debate on this issue and I described the Government's position as being like that of an old lag appearing in a criminal court who starts with an outright denial, but as the evidence accumulates reluctantly accepts he will have to plead, and then makes a half-hearted plea and tries to wriggle out of the consequences of his actions later. That is exactly the position the Government are in. Even after the judicial review, they tried to spin things to suggest that they had in some way won it. It was very clear that they had not. The judge ordered that this matter be re-examined. The Government must throw

up their hands and admit that there is a responsibility here, and introduce a system that is clear and fair, and will quickly deliver for Equitable Life policyholders.

I was disappointed in the comments of the hon. Member for Fareham (Mr. Hoban), who opened for the Conservatives, because their policy on this is unclear. From the comments made, it seemed to me that if by any chance they were to form the next Administration nothing much would change, because the hon. Gentleman was unwilling to answer straight questions about how they would deal with the situation. It seemed to me that if the Government manage to get a system up and running by the time of the next election, the Conservatives would just continue it. I ask the hon. Gentleman to make it clear what the Conservatives' position will be. If a system is up and running by that time, will they reopen it and look at the tribunal system, and give real justice to Equitable Life policyholders?

3.23 pm

Lorely Burt (Solihull) (LD): I shall be very brief, as I know that other Members wish to speak.

I fervently hope that we are now reaching the end of this decade-long saga, in which 30,000 people have died waiting for justice. One million investors have lost up to half their pensions, amounting to an estimated £5 billion, and they were people who did the right thing: they saved for their retirement, but they have been let down by a series of regulatory failures by this Government.

What does this mean in human terms, however? I shall explain by recounting just two stories that west midlands Equitable Life investors have told me. It means a couple having to sell their lovely retirement bungalow and move into a caravan. It means that instead of going to the shops with enough money to be able to enjoy the experience of shopping and buying what was described to me as "nice things", they have to scratch around for the cheapest reduced items just to make ends meet. It may not mean destitution in many cases, but for most of such people it means the destruction of a quality of life that they saved for, made sacrifices for and deserved.

My hon. Friend the Member for Twickenham (Dr. Cable) has outlined the history of this sorry episode and I will not repeat it now. I do not want to dwell on the shameful history of how this Government have prevaricated ever since the publication of ombudsman Ann Abraham's report in July 2008, so aptly subtitled "A decade of regulatory failure", although I entirely share her frustration at the prevarication of the Government in their response, which prompted her to take the unprecedented step of issuing a second report this May, called "Injustice unremedied". I am not going to dwell on the Government's response, which was to attempt to exclude up to 90 per cent. of pensioners from any compensation at all, but I do wonder how a Government who purport to be a compassionate Government could allow so many people to suffer for so long, ignoring the ombudsman's findings and trying to evade paying compensation.

I welcome the decision of Lord Justice Carnwath and Mr. Justice Gross backing the decision of the ombudsman that compensation should be paid back to 1991, not 1995 as the Government wanted, and I implore Sir John Chadwick to come up with a compensation scheme with the utmost urgency so that as few more pensioners as possible have to die without ever seeing justice in their lifetime.

I ask the Minister to say what will happen in respect of pensioners who have died. My understanding is that their money will be forfeited altogether, so that neither they nor their surviving relatives will ever benefit. If this is the case, is there any provision for making some compensation available to their estate even when, because of the great length of time this has taken, it is not only they but their families who would otherwise lose out?

Finally, as a final act of compassion, I ask the Government to ensure that a compensation scheme will be in place and payments will already be being made by the time they leave office and we have a general election next year.

3.27 pm

Daniel Kawczynski (Shrewsbury and Atcham) (Con): I apologise for not being present at the start of the debate; I had to attend a pressing constituency meeting.

I set up the all-party group on justice for Equitable Life policyholders primarily because of my belief in the parliamentary ombudsman system. We must protect the ombudsman's findings, and she has stated unequivocally that there has been regulatory failure. We as parliamentarians have to do everything possible to ensure that her findings and her position are respected in this House.

As a constituency MP, I rely on ombudsmen on many occasions to assist me with difficulties that constituents are facing. The ombudsmen work so hard and do such sterling work that I wish to pay tribute to all of them. If their views are ignored, that simply chips away at their position and undermines them.

The all-party group has become very large, as many Members of Parliament have joined it. I wish to pay tribute to the hon. Member for Leeds, North-East (Mr. Hamilton), who is my co-chairman, to the hon. Member for Richmond Park (Susan Kramer), who plays an active part in the group, and to my right hon. Friend the Member for Haltemprice and Howden (David Davis), who takes a great interest in it and comes to our meetings. Some 42 Labour Members of Parliament have joined the group, some of whom represent key marginal seats. I will be watching closely how they vote this evening, because they have joined an all-party group that seeks justice for Equitable Life policyholders and I do not see how someone who is a member of such a group can vote against this Liberal Democrat motion. As has been stated on many occasions, Equitable Life policyholders have suffered terrible financial problems and are very frustrated by the lack of action. As we have also heard today, every day 15 of those policyholders die.

My other main gripe is with Sir John Chadwick. I do not mind telling you, Madam Deputy Speaker—although I will probably get into terrible trouble for saying this—that I have called for his resignation, such is my frustration with him and with his refusal to interact with the all-party group. I get very concerned when people who have been appointed by the Government, and who have such extraordinarily important roles to play and who are working on issues that affect so many of our constituents simply refuse to come to the House of Commons to interact with parliamentarians. We are trying to represent our constituents by trying to lobby Sir John. He has stated that we can write to him like anybody else—but that is simply not enough. As a democratically elected

[Daniel Kawczynski]

parliamentarian who represents 74,000 constituents, I demand to have the opportunity to call him before us and to engage with him. His approach shows great arrogance on his part, and I very much regret that.

The other thing that I wish briefly to say is how disappointed I am with the right hon. Member for Rotherham (Mr. MacShane), who is no longer in his place. He intervened on the hon. Member for North Cornwall (Dan Rogerson) to say that tonight's vote would, of course, be on party lines. What a disappointment that is. The right hon. Gentleman must have Equitable Life policyholders in his constituency who have been affected by these events, and one would think that Labour MPs would, as happened in the Gurkha debate, show conviction by voting against the Labour party. I have voted against the Conservative party on one occasion—over the privatisation of Royal Mail—although it is difficult to vote against one's own party and it takes a great deal of courage. I might write about it in my memoirs—

Dan Rogerson: "A Tall Story"?

Daniel Kawczynski: Indeed. As long as one is not rebelling against one's party all the time, the Whips realise—

Madam Deputy Speaker: Order. Perhaps the hon. Gentleman could face the Chair; it assists not just the occupant of the Chair, but the *Hansard* writers.

Daniel Kawczynski: Forgive me, Madam Deputy Speaker. I was just saying that it is very important, on occasion, to vote against one's party and to rebel.

I shall end my contribution by saying that I received a letter from the Equitable members action group containing the response from one Labour MP. That MP, who is a member of the all-party group, had said, "No way am I voting on this Lib Dem motion. This is just party politics by the Liberal Democrats and I am not prepared to support them." I disagree with that Labour Member. Although I am not a great fan of the Liberal Democrats, I believe that on this occasion they are raising something on one of their Opposition days that is of vital importance to our constituents. It is not politics on the part of the Liberal Democrats, because I feel just as passionately as they do about seeking justice for Equitable Life policyholders. I urge Labour Members to think about the ramifications here. If they are members of the all-party group, they should show respect to their decision to join the group and to their constituents, and they should remember that at the next general election, a lot of the policyholders will be voting on the basis of how their Member of Parliament votes tonight.

3.34 pm

Julie Morgan (Cardiff, North) (Lab): I am thankful for the opportunity to speak briefly in this debate. First, I pay tribute to the Cardiff and south Wales committee of EMAG. Many of my constituents in north Cardiff and the surrounding area are affected by the issues we have debated today. I have had meetings in the constituency with EMAG and have met many individual constituents on the issue, too. I am also a signatory to early-day motion 1423. Let me repeat that I know that we are not talking about wealthy, rich people. The people whom I have met are suffering because of what has happened to Equitable Life.

My concerns relate partly to the position of the parliamentary ombudsman. I am a member of the Public Administration Committee, so I have been part of the process and a contributor to the reports that the Committee has produced. I support the comments ably made by the Chairman of that Committee, my hon. Friend the Member for Cannock Chase (Dr. Wright). I believe that it is very important to preserve and support the position of the ombudsman. My hon. Friend said that he considered this matter to be House business, although he did not think that the Whips would approve of that. I am thinking about it in the same sort of way. It is very important that we should support the ombudsman in her findings.

I am also concerned about the decision as to who will be disproportionately affected—an issue that other hon. Members have mentioned—and the means test. I am very concerned about the situation. If someone has lost money through accepted maladministration, after we have removed the effects of the market and mismanagement by Equitable Life, should a means test apply in deciding what compensation should be paid to those members? I am concerned about what "disproportionate effect" means.

I welcome the Government's decision to accept the court's ruling and extend the number of people who could be eligible for payment. However, I am also concerned that that might mean smaller payments. Could the disproportionate impact consideration be applied more stringently? I welcome the decision, but I am concerned about those implications, too.

As a member of the Public Administration Committee and as someone who has signed the early-day motion and wants to support members of the scheme strongly in my constituency, I feel that I will be unable to support the Government this evening. I understand the dilemma for the Government about having to pay out large sums of money, but I have a duty to my constituents, as well as to the role that I have played on the Public Administration Committee, to follow that course of action.

3.37 pm

Mr. Jeremy Browne (Taunton) (LD): This has been a high-quality and important debate and I congratulate my hon. Friend the Member for Twickenham (Dr. Cable) on kicking it off and setting exactly the right tone for the subsequent deliberations. All hon. Members who had the opportunity to participate—my hon. Friends the Members for Solihull (Lorely Burt) and for North Cornwall (Dan Rogerson) among them—spoke movingly about how these issues affect real people. It is easy to get wrapped up in the process and in which Committee said what about which report, but we should always remember that hundreds of people in each of our constituencies have had their quality of life materially affected by the matter that we are deliberating this afternoon. Others touched on the role of the ombudsman and the importance that we should all attach to upholding the integrity of that position. That point was made by the hon. Member for Cardiff, North (Julie Morgan), but it was also made by the Chairman of the Committee on which she serves, the hon. Member for Cannock Chase (Dr. Wright).

Several hon. Members talked about the incentive to save and how important that is, particularly as over the years ahead we will move to having a higher proportion of people beyond retirement age in relation to those who are of working age, and how we as a country must ensure that people are given the greatest possible incentive to save and how that incentive is undermined if people do not feel that they have confidence in the mechanisms that enable them to save. That point was made by the hon. Member for Leeds, North-East (Mr. Hamilton), who plays a prominent role in the all-party group, and by others. Some, like my hon. Friend the Member for Edinburgh, West (John Barrett), talked about the wider economic context, including incentives to save. Finally, the hon. Member for Angus (Mr. Weir) spoke—accurately, in my view—about how many savers saw Equitable Life as a gold standard institution. These were not people who put their savings in a place where they expected to take a high risk to achieve a high return; they were seeking to be responsible in quite a cautious way, so it is particularly unfortunate that they should find themselves in these circumstances.

However, the one thing that I would say, respectfully, to the hon. Member for Angus is that I am not at all sure, were we to have independence in Scotland, that his constituents would be compensated any more speedily, if at all.

Sir John Butterfill: Does the hon. Gentleman agree that many of those who took out Equitable Life policies did so in order that they would not be a burden on their families or the state in old age? That has been frustrated.

Mr. Browne: I strongly agree, and that is why it is especially important that we consider seriously all the contributions made during the debate.

In summary, I want to speak about three matters—the motion before us, the Government's pattern of behaviour over recent months and years, and how we might go forward. First, hon. Members who have not had the opportunity to study the motion in detail will see that it is almost word for word the same as early-day motion 1423. It has been updated to reflect developments with the addition of a small clause that does not materially affect the direction of the motion or, I hope, anybody's willingness to support it.

Early-day motion 1423 was signed by 336 Members of this House. Given that Ministers on the whole do not sign such motions, that shows that a very high proportion of hon. Members felt able to sign this one. In addition, the total of signatories includes 113 Labour Members, many of whom have taken part in the debate. Therefore, I do not take the view expressed by some Labour MPs that this is a partisan, party political topic. The debate is about the integrity of the ombudsman and the material well-being of many hundreds of our constituents. I see it as an opportunity for MPs of all parties to follow through their convictions and vote for the motion.

Geraldine Smith (Morecambe and Lunesdale) (Lab): The costs are very important, as is the time scale involved. How much does the hon. Gentleman expect the proposal to cost, and according to what time scale does he see the money being spent?

Mr. Browne: Those questions have been deliberated at length over the past three and a half hours, and I shall come to them in the third part of my speech, but I am currently dealing with the motion. My point is that it is a straightforward motion, tabled by the Liberal Democrats on one of our Supply days. I am delighted that every Conservative Treasury spokesman, and the party's Chief Whip, have put their names to it, but it is not a party-political motion. I see no reason why Labour MPs who are members of the cross-party committee, or who have signed the early-day motion, should have any difficulty in supporting it.

My second point has to do with the conduct of the Government. For many of us, and for many of the people watching our proceedings either in person or on television, the way in which the Government have chosen to conduct themselves will have been a source of deep frustration.

Mr. Graham Stuart (Beverley and Holderness) (Con): We were asked a moment ago what the cost of the proposal would be, but does the hon. Gentleman agree that the cost to the country is the loss of dignity in old age for policyholders, and increased contempt for this place because of how the Government have behaved?

Mr. Browne: The hon. Gentleman is right that there is a cost beyond the financial cost, but in his opening remarks the Chief Secretary to the Treasury—

Geraldine Smith *rose—*

Mr. Browne: I do not think that the hon. Lady was present to hear the Chief Secretary's opening remarks. She may have been, but she certainly missed large portions of the debate. He coined an unintentionally laughable word that reminded me slightly of when Hillary Clinton said that she "misspoke" when she was caught out saying something fundamentally untrue, or of when Janet Jackson suffered a "wardrobe malfunction". It was an expression of that type. He said that he had under-celebrated the role of the ombudsman. That is one way of putting it.

Let me tell the House what the ombudsman said about the Chief Secretary. She stated on 20 August, only two months ago, in a letter to the Chief Secretary:

"I noted what you said in the House on 21 July and did not recognise it as a true representation of my position. That said this is not the first time that the Government has misrepresented my position in order to defend its own and I suspect it will not be the last."

I can see why the Chief Secretary is likely to under-celebrate her role, but it is part of a wider pattern.

In her initial report, the ombudsman said that the Department of Trade and Industry oversight had been

"passive, reactive and complacent",

and that Financial Services Authority regulation had been

"largely ineffective and often inappropriate".

The Select Committee on Public Administration, which has been referred to on a number of occasions, described the Government's excuses as

"shabby, constitutionally dubious and procedurally improper".

There has been a track record going back months—indeed, years—of the Government dragging their feet and behaving dishonourably.

Even last year the Prime Minister promised that the next stage of the process would be completed by the end of 2008. That is the report to which we keep referring, which came in the middle of January 2009. One should be extremely cautious about accepting the timetables

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put forward by Ministers. The fact that the Chief Secretary stood before the House today and implied that policyholders should express gratitude for the swiftness of the Government's response compared with the other potential solutions on offer stretches credibility to the very limit.

Bill Wiggin (Leominster) (Con): I have signed the hon. Gentleman's early-day motion and I shall support his motion. My constituents are grateful for the chance to get that on the record. Will the hon. Gentleman say something in his closing remarks about the role of Sir John Chadwick? I am afraid I disagreed with the comments of my hon. Friend the Member for Shrewsbury and Atcham (Daniel Kawczynski). I think Sir John is a fantastic gentleman with a first-class mind.

Mr. Browne: I would love to be able to comment on Sir John Chadwick in greater detail, but I have not had the opportunity to meet him. I suppose that was the point being made by the hon. Member for Shrewsbury and Atcham (Daniel Kawczynski). Sir John should meet Members of Parliament. We were elected to represent our constituents and that would aid the process. I have no reason to doubt that he is an honourable person.

In the last few minutes available to me, let me deal with the way forward. The Minister said that we should be looking at a timetable based on spring 2010. Some people will be worried that that is an elastic date. He was notably evasive when it came to offering a specific date when people could expect to see some payments made, not just further progress made. Even if that were spring 2010, hon. Members should remember that at current rates another 3,000 or so Equitable Life policyholders will have died between now and then.

A policy process that does not recognise the acute needs of the individuals concerned will cause a huge amount of distress. There was no talk about interim payments. There was considerable concern about the expression "disproportionate loss" used by the Government. We need to make it clear that this is not some form of means-tested benefit, but recognition of the actual losses experienced by real policyholders.

Everybody accepts that there was fault on the part of the people who ran Equitable Life. Of course market forces have an impact on the value of policies, but the ombudsman's report was concerned with the regulatory failure. The Government need to accept the ombudsman's report, give a straight response about a reasonable outcome and, most of all, reassure people across the country that speed is of the essence, that the Government understand their immediate human concerns, and that they will respond to those as a priority.

3.49 pm

The Exchequer Secretary to the Treasury (Sarah McCarthy-Fry): I thank all hon. Members for their comments during this informative debate. The continuing scrutiny of our position is an important part of our parliamentary process, and I welcome it. This has also been the first occasion for a debate since the judgment in the judicial review that was brought about by the Equitable members action group.

First, I refer to a point that I think the hon. Member for North Cornwall (Dan Rogerson) made about the Government's failure to apologise. I do not know whether he noticed, but one of the first things that the Chief Secretary to the Treasury did was to reiterate the Government's apology. Certainly, when I took part in the Westminster Hall debate on 24 June, it was the first thing that I did. I am more than happy to reiterate, once again, on behalf of public bodies and successive Governments who were responsible for the regulation of Equitable Life between 1990 and 2001, the apology for the maladministration that they accept took place. That will be on the record once again.

Mr. Lindsay Hoyle (Chorley) (Lab): Does the Exchequer Secretary not feel that we are in danger of rehearsing the Gurkha escapade, whereby the Government give a little bit more, then a little bit more? Why can we not be up front and say, "We are going to pay those people who have missed out on the Equitable Life situation and the compensation scheme at the earliest point possible"? Then we can all be happy.

Sarah McCarthy-Fry: I do not know whether my hon. Friend has been listening to the debate, but one point on which the whole House agrees is that it is very important that we obtain a speedy resolution. We all have constituents who are affected, and I reiterate that we remain committed to achieving a speedy resolution.

In the time available to me, I hope to cover as many as I can of the points raised by the hon. Member for Fareham (Mr. Hoban), who spoke for the Opposition; my hon. Friend the Member for Cannock Chase (Dr. Wright); the hon. Member for Richmond Park (Susan Kramer); my hon. Friend the Member for Leeds, North-East (Mr. Hamilton); the hon. Members for Edinburgh, West (John Barrett) and for North Cornwall; my hon. Friend the Member for Foyle (Mark Durkan); the hon. Members for Angus (Mr. Weir), for Solihull (Lorely Burt) and for Shrewsbury and Atcham (Daniel Kawczynski); my hon. Friend the Member for Cardiff, North (Julie Morgan); and the hon. Member for Taunton (Mr. Browne).

I had better clarify matters up front, because there were some misconceptions about the scheme being up and running by spring 2010. The Chief Secretary said that there would be a scheme design by spring 2010, and we will move with all speed to set it up thereafter.

On our relationship with the ombudsman, I reiterate that we still rebut any suggestion that there was anything improper, dubious or shabby about the manner of our engagement with the ombudsman. The Government have a great deal of respect for the ombudsman, but we also have a duty to consider the wider interests of the taxpayer.

Geraldine Smith: It is important that the Minister takes note of the ombudsman. However, it is equally important that we introduce a scheme as quickly as possible to help as many people as possible. No one has mentioned the financial cost, but that must be a consideration.

Sarah McCarthy-Fry: The ombudsman herself acknowledged that it was legitimate for us to take up the wider interests of the taxpayer and the issue of the public purse.

Constitutional matters were raised. The constitutional balance that the legislation reached, on the one hand, permits the parliamentary ombudsman wide jurisdiction and powers of determination, as well as the ability to make far-reaching recommendations, but, on the

other, permits a Government to reject findings and recommendations in certain circumstances. We did not depart lightly from the ombudsman's findings. After careful consideration of her report, we accepted some, but, where we believed that we had cogent reasons, we departed from others.

The recent High Court ruling upheld a number of those departures, and others have gone unchallenged. The Court found that the Government did not have cogent reasons for some departures, and we have accepted those findings and amended Sir John Chadwick's terms of reference to include them. Sir John is confident that that additional scope will not impact on the time scale for resolving his work.

At no time have we sought to delay matters. The ombudsman's report was the product of four years' work, and it raised a number of complex and difficult issues. None of the Government's actions has been motivated by anything other than the desire to achieve a fair resolution for policyholders and taxpayers alike. We continue to believe that this was, and is, the right approach.

Some Members, including the hon. Member for Bromley and Chislehurst (Robert Neill), suggested that the Court struck down our ex gratia scheme. That is not the case. It endorsed the Government's right to depart from the ombudsman's finding 3 and strongly rejected the challenge to the Government's decision to depart from her recommendation. That is not indicative of any lack of respect for the office of ombudsman or any disregard for the plight of policyholders affected by the events at Equitable Life.

Stephen Pound (Ealing, North) (Lab): May I assure my hon. Friend that many of us are desperate to vote for the Government's amendment and would happily do so if she could give us one piece of information: when will the payments be made?

Sarah McCarthy-Fry: The design of the scheme will be available by spring 2010, and we will move with all speed to get the payments made. The motion proposes the implementation of the ombudsman's recommendation for a scheme setting up a tribunal, which would mean that individual assessments took longer, and it would therefore take longer for the money to get through.

David Davis (Haltemprice and Howden) (Con) *rose—*

John Barrett *rose—*

Sarah McCarthy-Fry: I cannot give way; I have only four minutes left.

I want to correct another assertion. The hon. Members for Solihull and for Edinburgh, West said that our original proposed payment scheme left 90 per cent. of policyholders without help. I do not recognise that figure, and I have seen no data to back it up. We have not analysed the policyholder data so we do not know exactly how many people are included. However, following our decision to include the findings previously not accepted by the Government, the period of injustice accepted goes back to the period covered by the ombudsman's report. Having considered the judgment of the Court, we think it right to accept its decision in relation to those findings. The key impact is that the terms of injustice accepted by the Government now extend from mid-1991 rather than mid-1995. One effect of that is that a large proportion of trapped annuitants now fall within the scope of the period of injustice accepted; many hon. Members have voiced concerns about that group. About half those people fell within the scope of the injustice findings originally accepted by the Government, and the Court has now determined that the Government's interpretation of injustice was unduly narrow with respect to certain findings. We have accepted the decision, with the effect that most trapped annuitants now fall within that scope. Sir John Chadwick commented that that would not have happened even if all the ombudsman's injustice findings had been accepted.

Members heard my right hon. Friend the Chief Secretary explain the Government's approach to resolving the Equitable Life issue, focusing on the scope of our ex gratia payment scheme, the speed with which we can act and the fairness of our approach. We are clear that speed is of the essence in bringing this matter to a close.

Two points were raised on interim payments. We have asked Sir John to consider interim payments as part of the scheme. On payments to estates, that issue will be taken into account when deciding on the final terms of the payment scheme.

Sir John Chadwick is making good progress, and it is clear that the continuing priority is for Sir John and the Government to get on with the work required to deliver this ex gratia payment scheme. He has already published a further interim report on his progress and has invited representations on it by 27 October. He has also committed to providing a further update before the end of the year. I note that members of the all-party group on Equitable Life policyholders are concerned that he has not yet managed to find time in his schedule to visit them. I think that his priority at the moment is to get on with designing the scheme. However, I will pass on the comments made by the hon. Member for Shrewsbury and Atcham, who will know that I visited the all-party group and spoke to its members. Not many were there, but what they lacked in quantity they made up for with the quality of their questioning.

As my right hon. Friend the Chief Secretary said, Sir John faces a complicated task. We expect him to finalise the design of the scheme by the spring, and we will move quickly to consider his advice and announce a payments scheme that is practical to deliver and fair to policyholders and to the taxpayer. That is what we all want. I have said before that I cannot see how it would bring anything but further delay to accept the ombudsman's recommendations for a tribunal and a case-by-case individual examination. The amendment in the name of the Prime Minister urges an ex gratia scheme that is administratively quicker and simpler to deliver than that envisaged by the ombudsman, and that must be in the interests of policyholders. I therefore urge the House to reject the motion and support the amendment.

Question put (Standing Order No. 31(2)), That the original words stand part of the Question.

The House divided: Ayes 269, Noes 294.

Division No. 228] **[4 pm**

AYES

Afriyie, Adam	Arbuthnot, rh Mr. James
Ainsworth, Mr. Peter	Atkinson, Mr. Peter
Alexander, Danny	Bacon, Mr. Richard
Amess, Mr. David	Baker, Norman
Ancram, rh Mr. Michael	Baldry, Tony

Banks, Gordon
Barker, Gregory
Baron, Mr. John
Barrett, John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Bowell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Cameron, rh Mr. David
Campbell, Mr. Gregory
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Cawsey, Mr. Ian
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clegg, rh Mr. Nick
Clifton-Brown, Mr. Geoffrey
Corbyn, Jeremy
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Dorrell, rh Mr. Stephen
Duddridge, James
Duncan, Alan
Dunne, Mr. Philip
Durkan, Mark
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farrelly, Paul
Farron, Tim
Featherstone, Lynne
Field, rh Mr. Frank
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Galloway, Mr. George
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Green, Damian
Greening, Justine
Gummer, rh Mr. John
Hall, Patrick
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hendry, Charles
Herbert, Nick
Hermon, Lady
Hoban, Mr. Mark
Hoey, Kate
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Hopkins, Kelvin
Horam, Mr. John
Horwood, Martin
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Howell, John
Hughes, Simon
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jenkin, Mr. Bernard
Jones, Mr. David
Jones, Lynne
Kawczynski, Daniel
Keetch, Mr. Paul
Kennedy, rh Mr. Charles
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Laws, Mr. David
Lazarowicz, Mark
Leigh, Mr. Edward
Lewin, rh Mr. Oliver
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Lull, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
MacNeil, Mr. Angus
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mason, John
May, rh Mrs. Theresa
McDonnell, John
McIntosh, Miss Anne
McIsaac, Shona
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Morgan, Julie
Moss, Mr. Malcolm
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Oaten, Mr. Mark
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Owen, Albert
Paice, Mr. James
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Price, Adam
Prisk, Mr. Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Robinson, Mrs. Iris
Rosindell, Andrew
Rowen, Paul
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Alan
Simpson, Mr. Keith
Smith, Chloe
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Timpson, Mr. Edward
Tredinnick, David
Truswell, Mr. Paul
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Wareing, Mr. Robert N.
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Wood, Mike
Wright, Jeremy
Wright, Dr. Tony
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Dan Rogerson and John Hemming

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John

Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, rh Mr. Ben
Brennan, Kevin
Brown, rh Mr. Gordon
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, rh Yvette
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Dean, Mrs. Janet
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
Gerrard, Mr. Neil
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, rh Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Healey, rh John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Howarth, rh Mr. George
Howells, rh Dr. Kim
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Khan, rh Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Marris, Rob
Marsden, Mr. Gordon
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McFadden, rh Mr. Pat
McFall, rh John
McGuire, rh Mrs. Anne
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, rh Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, rh Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Straw, rh Mr. Jack
Stringer, Graham
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, David
Wright, Mr. Iain
Wyatt, Derek

Tellers for the Noes:
Steve McCabe and Mr. Bob Blizzard

Question accordingly negatived.

Question put forthwith (Standing Order No. 31(2)), That the proposed words be there added.

Question agreed to.

Main Question, as amended, put and agreed to.

Resolved,

That this House notes that the Parliamentary Ombudsman has taken the unusual step of using powers under the 1967 Act to present Parliament with a further and final report on Equitable Life; also notes the Public Administration Select Committee's Sixth Report *Justice denied? The Government's response to the Ombudsman's report on Equitable Life*; recognises the vital role the Ombudsman plays in public life; reaffirms the duty of Parliament to support the office of the Ombudsman; recognises the Government's determination to introduce an ex gratia payment scheme that is administratively quicker and simpler to deliver than that envisaged by the Ombudsman; further welcomes the Government's decision announced to the House on 20 October 2009 to widen the ex gratia payment scheme to include trapped annuitants who took out policies after mid-1991; urges Sir John Chadwick to report as quickly and expeditiously as possible; and recognises the impact and significant distress that maladministration and injustice have caused in respect of Equitable Life.

Climate Change (Political Response)

Mr. Deputy Speaker (Sir Alan Haselhurst): I inform the House that Mr. Speaker has selected the amendment in the name of the Prime Minister. Before I call the hon. Member for North Southwark and Bermondsey (Simon Hughes), I say to those who will speak from the Front Benches, as well as to those hoping to catch my eye from the Back Benches, that there is a very long list of applicants and relatively little time for their work to be completed. I ask, therefore, for restraint in the length of speeches and perhaps on the number of interventions. The Chair will use its powers to vary the time limit if that will help to ensure maximum participation in the debate.

4.17 pm

Simon Hughes (North Southwark and Bermondsey) (LD): I beg to move,

That this House believes that it is vital that the UK demonstrates political leadership at all levels in response to the climate crisis, and that this is particularly important ahead of the United Nations Climate Change summit in Copenhagen if there is to be an international agreement which will avert the worst effects of catastrophic climate change; further believes that immediate practical responses to the crisis should include a massive expansion of renewable energy and energy efficiency and a commitment for all homes in Britain to be warm homes within 10 years; acknowledges that action taken now to tackle the climate crisis will cost less than action taken in the future; notes the declared support of Labour and Conservative frontbenchers to the objective of the 10:10 campaign which calls for 10 per cent. greenhouse gas emission reductions by the end of 2010; agrees that the House will sign up to the 10:10 campaign; calls on Her Majesty's Government and all public sector bodies now to make it their policy to achieve a 10 per cent. reduction in greenhouse gas emissions by the end of 2010; and further calls on the Government to bring a delivery plan before this House by the end of 2009 on how these objectives will be achieved.

We live in an age of crises, and in recent months the economic crisis has most dominated the commentary around the world, the concerns of the public and debates here. However, the global ecological and environmental crisis poses the greater challenge. In some ways happily, although very belatedly, it is now rising to the top of the domestic and international agendas. To put it in context, a UN report this year stated that 300,000 deaths a year are attributable to climate change, that 325 million people are seriously affected at a cost to the global economy of $125 billion a year, and that 4 billion people are vulnerable to climate impacts.

Rob Marris (Wolverhampton, South-West) (Lab): Will the hon. Gentleman give way?

Simon Hughes: Not yet. I am trying to respect the Deputy Speaker's exhortation.

Action on climate change clearly cannot wait any longer, which is why, all over the world, individuals, communities and Governments who have understood the message are taking action. Last week, I was in west Africa. People in Nigeria realise that the wasting of oil and flaring of gas cannot continue; people in Ghana are changing the way they grow their cocoa crops, so that they do not chop down trees as part of the farming process; and people in Sierra Leone understand that deforestation around Freetown cannot continue. More and more people are getting the message. Many people will have seen the film the other day of the extraordinary

meeting of the Cabinet of the Government of Maldives to emphasise the threat to that low-lying country, and millions of citizens of more populous countries such as Bangladesh will be at risk if we do not change direction.

Governments all over the world are now working hard—I commend them on that—to get a tough, fair and effective new international deal in a few weeks in Copenhagen, because, in spite of the warnings, for too long there has not been enough action. To put it bluntly, there has been too little action so far, and it has come too late. Many people are saying that the next five years—the lifetime of the next Parliament—is the period in which we will either avert the climate crisis or not.

Today's debate, chosen by my colleagues and me, aims to put the climate crisis centre stage in Parliament and to turn our minds not just to the targets of 2020 or 2050, but to what can be done now.

Mr. Andrew Smith (Oxford, East) (Lab): Will the hon. Gentleman give way?

Simon Hughes: I will give way to the hon. Member for Wolverhampton, South-West (Rob Marris) first, if the right hon. Gentleman will allow me.

Our motion sets out three major areas of political change that we believe are needed in Britain as a whole, as well as some specific things for us to do now. The three major areas are a massive expansion of renewable energy, a wholehearted commitment to energy efficiency and a commitment for all homes in Britain to be warm homes within the next 10 years.

Rob Marris: May I gently suggest to the hon. Gentleman and the House as a whole that a debate on the UK's political response to climate change on the Liberal Democrat motion—the Government amendment is hardly better—is monstrous, because the motion says nothing about adapting to climate change? As he has said, people are already dying from climate change. We need to take adaptation just as seriously as the mitigation of emissions.

Simon Hughes: I accept that. At our conference last month, we made it clear that the international agreement of the developed world to put money into the kitty to deal with adaptation and mitigation—the Prime Minister understands the agenda item— is just as important. The reason our motion is more focused is that there is a campaign in this country and around the world for action now and next year. We are trying to get the Government and Parliament to make decisions about this country. We are also continuing to exhort our Government to make the right decisions at Copenhagen.

However, the motion adds to the three general propositions that I have set out for the next decade and calls on the Government and Parliament to sign up to the 10:10 campaign—if we pass the motion this evening, that is what we will do—and commit this country and this Parliament to reducing our greenhouse gas emissions by 10 per cent. by the end of 2010. At the end of this debate, I shall ask colleagues from all parties to support the motion and reject the amendment. If we make the right decision today, we can bring great credibility to Parliament, we can do the right thing for the people whom we represent and, just as we did a few months ago when we decided to give proper recognition to the commitment and service of the Gurkhas, we can show that Parliament, not just the Government, can determine what the nation does.

Mr. Andrew Smith: I am grateful to the hon. Gentleman for giving way. In welcoming this opportunity to reaffirm our support for the 10:10 campaign, may I ask the hon. Gentleman why, in focusing his motion, he left out the groundbreaking Climate Change Act 2008, the importance of carbon budgeting and the contribution of local authorities? Surely all are vital to success in combating climate change.

Simon Hughes: If the right hon. Gentleman had seen the preparation for my speech, he would know that I will applaud the Government for the 2008 Act, as well as the work done in both Houses and by all parties to ensure that the 2008 Act was stronger than originally proposed. He would also know that I am clear that it is a good thing that Departments now have carbon budgets and that the role of local authorities is important.

All those things are important, but the 10:10 campaign is not about those things. The 10:10 campaign is about asking individuals, organisations, companies, councils, the Government and Parliament to make a specific commitment to reduce our emissions by 10 per cent. between now and the end of next year—that is, 10 per cent. by the end of 2010. The campaign builds on the work that we have done, but it is because people believe that the long-term planning is not sufficient that we must now do those things that the right hon. Gentleman and I, as well as many others, no doubt already do in our personal lives and our communities.

Several hon. Members *rose—*

Simon Hughes: I will take one more intervention in a second and then I will press on.

We have worded the motion in the way that we have because we are talking not about a "tomorrow" problem, but about a "today" problem. Parliament has the authority to make decisions today that can change things from today in the days and months immediately ahead.

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): I am grateful to the hon. Gentleman for giving way. Like many in the House, I have personally signed up to the 10:10 campaign, but it is not clear from what he has said so far whether he is calling on Departments or the UK as a whole to cut emissions by 10 per cent. by the end of 2010. Indeed, can he give an indication of the pathway for achieving a 10 per cent. reduction in the country as a whole by 2010?

Simon Hughes: I can deal with both those questions, and the answer is yes. I am calling on the Government as a whole to sign up, which would involve all Departments and agencies of Government. The Department for Energy and Climate Change—the Minister's Department—has already signed up, and public sector organisations, such as the national health service, have also done so. The pathway is set out in the motion, which calls on the Government to come back with a programme for how this can be delivered by the end of this year. The Government would be committed to doing that, if the motion were passed. In that way, everyone would know how the Government believe that they can implement the plan. Bodies such as the Environment Agency and Natural England have made it clear that they can achieve more than a 10 per cent. reduction by the end of next year. This is not impossibilist politics; it is politics for now that would commit not only this Government but whoever is in government after the election to deliver in the months ahead.

Lembit Öpik (Montgomeryshire) (LD): Is my hon. Friend saying that the strength of the motion and the narrative that he is putting forward is that they seek to involve not only corporations but individuals, and that, as the Centre for Alternative Technology has pointed out, we can achieve this only by working together to create attitudinal and practical change in the way that we, as individuals, live? If we can do that, we can achieve this target. If we do not, we have no hope whatever of doing so.

Simon Hughes: That is absolutely correct. I had the privilege of being at the launch of the 10:10 campaign outside the old power station in my constituency that is now Tate Modern. This is a campaign in which ordinary people are saying that they want to do things in their communities. They are also now saying that they want Parliament and the Government to lead and to do the same. I would hazard a guess that, in the constituencies of all my friends—and, indeed, of every colleague in the House—there will be many individuals and organisations that will want us to be bold today, not timid, and to sign up to a campaign that many individuals have signed up to in recent weeks.

Joan Walley (Stoke-on-Trent, North) (Lab): We want to be bold in Stoke-on-Trent. We want to sign up to the 10:10 campaign, and it is vital that we work together right the way across Parliament and down to the people at grass-roots level. That is taken as read. May I point out to the hon. Gentleman, however, that it would have been helpful if his motion had mentioned the report that was delivered only last week to Parliament from the Committee on Climate Change, entitled "Meeting carbon budgets—the need for a step change"? It is vital that everything that is done on the 10:10 campaign should be done within the framework of the CCC.

Simon Hughes: Of course I accept what the hon. Lady says. She has a very good track record. I was present at the announcement of the report to Parliament, and I think that Ministers have already given an undertaking that it will be debated—it is bound to be debated. May I just point out to colleagues, however, that this motion is not meant to encompass every single thing that anyone could ever do, or everything that we should have done? It is designed to focus our attention on the demand that is being made of us to sign up now to a campaign that is gathering support daily around the country. If Parliament and the Government do not sign up to it, it will send a terrible message to other people. We will seem to be saying, "You do the job, but we're not willing to follow."

Mr. Graham Stuart (Beverley and Holderness) (Con): The hon. Gentleman has rightly said that we need to be bold, not timid. Is not this therefore the time for the Liberal Democrats to show leadership and to accept the need for new nuclear power if we are to meet our green needs and our energy needs?

Simon Hughes: I could be distracted down that road, and I am very happy to have that debate. There is perfectly reasonable debate involving the argument that nuclear power should play a part in our energy mix, but I believe that it is flawed in a huge number of respects. For example, it is too expensive, it will be late and it is too risky. There are all sorts of reasons why it is not a good option, but the really important thing is that we can meet our energy needs without nuclear power. It is not necessary. The Government and the Conservatives, who are allied in their love of the nuclear industry, are wrong about that. My colleagues and I have held to that view over the years.

This country has a particular responsibility in this regard, for three reasons. We have an historic responsibility because we were the country of the industrial revolution and we have contributed hugely to the amount of emissions on the planet. We also have a responsibility because we are a member of the European Union, which has many industrialised countries, and because we are a member of the Commonwealth, which stretches around the world. We must therefore achieve a really strong deal at Copenhagen; a weak deal will not be worth having. I applaud the Prime Minister and his colleagues for the fact that they are working hard to get a good deal at Copenhagen. We boast that we are a world leader, but we have to show that our deeds match our words.

Here, sadly, we have not delivered the goods. We have had a Government target in every manifesto since 1997: one was a 20 per cent. reduction in emissions by 2010, for example, but we are barely halfway there. Emissions reductions through the recession do not count; we simply have not delivered. Another Government target was to have 10 per cent. of our electricity through renewables by 2010. We have the best potential source of renewables anywhere. I attended the British Wind Energy Association conference in Liverpool this morning, and I know that the number of people expressing an interest in renewable energy has gone up nearly 50 per cent. since last year alone. Yet where are we? Not at the top of the league table for renewables in Europe, like Sweden, but at the bottom with countries such as Luxembourg. The Minister told me earlier this year that only 1 per cent. of our homes are energy-efficient—we are the cold man of Europe. The Government now support the expansion of Heathrow—blind to the evidence of the need to reduce aviation emissions and still willing to have dirty coal produced in the future. Commitments to the environment have been broken again and again; sadly, we have not delivered.

Susan Kramer (Richmond Park) (LD): In condemning the third runway and expansion at Heathrow, my hon. Friend anticipated my point, but does he agree that it is imperative that we hear from the Conservatives some condemnation of the "Boris island" estuary airport, which would be a climate change and environmental disaster on an even worse scale?

Simon Hughes: I say to my hon. Friend, who has led our work on this issue, that it always seemed to me entirely inconsistent for Conservative Members to say on the one hand that they are against expanding Heathrow while saying on the other hand that they are quite happy to have lots more activities in airports elsewhere in the south-east of England. *[Interruption.]* That is not our policy—absolutely not. If Ministers, civil servants, fellow MPs, local government officers, councillors and all the people in public office used trains rather than planes in this country when they could do—and they set an example, which it is perfectly possible to do in mainland Britain—we would not need the sort of expansion that the Government are now supporting.

We have been committed environmentalists since our Liberal Democrat party was formed in 1988, and many of us were committed even before that. Indeed, I remember

flagging up the urgency of climate change in a debate with Mrs. Virginia Bottomley, who was the Minister with responsibility for the matter, in 1988. We argue that the policies must always follow the science. We argue that to stabilise greenhouse gas emissions—this is what the intergovernmental panel on climate change has said—global emissions must peak and decline no later than 2015. We are clear—this was also the point made by the hon. Member for Wolverhampton, South-West (Rob Marris)—that if we are going to have a sane world, the developed countries will have to give to the developing countries something in the order of £160 billion a year for adaptation and transition. We must continue to reduce our emissions rigorously over the next 10 years and then beyond. We will probably also have to phase out all fossil fuel by 2050.

All that has a fantastic cost-benefit, which is an issue that many people do not understand. Emission cuts are cost saving. The argument that money spent now will be money saved later is becoming increasingly influential. The environmental argument is thus also an economic argument, and in straitened times it seems to me to be a very persuasive argument indeed.

Greg Mulholland (Leeds, North-West) (LD): Does my hon. Friend share my frustration that the Government have not sufficiently linked those very arguments about people struggling to pay fuel bills in the recession with the need to tackle climate change? It is particularly disappointing that the Government are moving the goalposts on their targets for fuel poverty and saying that the targets will be in place only as long as it is practicable, which makes a nonsense of them altogether.

Simon Hughes: My hon. Friend is right, which is why we have said that one of the most useful things that we can do is have a plan to make every home a warm home. There is a win all round—warmer homes, fewer people dying, lower fuel bills and the climate saved. It is absolutely a winner, and it must be made central to policy.

Mr. David Chaytor (Bury, North) (Lab): Will the hon. Gentleman give way?

Simon Hughes: No. I really want to move to a conclusion now, as a huge number of colleagues want to contribute to the debate, which is as it should be. The Government spend £1.6 billion every year on energy. Lord Stern, probably the foremost climate economist in the world, has warned that if we do not take action, between 5 and 20 per cent. of global GDP will be lost due to the effects of climate change. To prevent that, we need to spend about 2 per cent. of global GDP. For every £2 spent now, we could save £5 to £20 in the future. The conclusions are obvious: we should take collective action together. What individuals and companies have done, Government and Parliament should now do too.

Many councils, of all parties and those with no overall control, have signed up to the campaign. Among Liberal Democrat-run councils, colleagues in Camden and Cambridge, Eastleigh and Islington, Richmond and Newcastle, and my borough of Southwark, have signed up. *[Interruption.]* My hon. Friend the Member for Cheadle (Mark Hunter) adds Stockport, and there may be others, including councils run by other parties. Sadly, at City hall in London the other day, the Tories walked out when the motion was put, not allowing the motion to be voted on.

Many organisations have signed up. The Prime Minister has said:

"I fully support the...campaign and its challenge for everyone to cut carbon emissions by 10 per cent. in 2010."

The Department of Energy and Climate Change has said:

"The Government welcomes the...campaign".

Nearly 30 per cent. of Labour Members, nearly 20 per cent. of Conservative Members, and half of Liberal Democrat Members have signed up personally.

If we pass the motion, we can achieve things now. I shall end with a short shopping list: we can ensure that travel arrangements are energy-efficient; we can improve energy awareness and introduce energy efficiency measures throughout the Government estate, so that everyone understands the implications of what they do; and we can reduce heating. As advised by the Sustainable Development Commission among others, if we use renewables to power Government stock, we can save 1.8 billion tonnes of CO_2 each year. In this place, we can turn off annunciators, televisions, lights and computers when they are not needed, and people can use the stairs rather than the lifts. We could have tap water rather than bottled war; we could do a phenomenal amount.

In the past year, we have all probably made a little contribution. My orange taxi has stayed in its drive entirely, unmoved—I have cycled or used public transport. If individuals are willing to do that, I hope that Government will now do it, too. At the end of this debate, I hope that colleagues will send this message: low carbon is job creating, action now is cheaper than action later, and we can grasp the low-hanging fruit.

For the Liberal Democrats, "It's not possible," is not an answer. I remind Ministers of what the Secretary of State for Energy and Climate Change said to his party conference:

"It is the idealists and optimists that make change happen."

We are idealists and optimists, but we are also political realists. There is no bigger crisis than climate change, and I hope the House and the Government will sign up to action this year—not next year, some time or never.

4.38 pm

The Minister of State, Department of Energy and Climate Change (Joan Ruddock): I beg to move an amendment, to leave out from "House" to the end of the Question and add:

"welcomes the 10:10 campaign as a motivator of public action to cut carbon dioxide emissions through individual and collective behaviour change; recognises the value of such campaigns to build public support for action by governments to agree an ambitious, effective and fair deal at Copenhagen; further recognises the significant effort made by individuals and organisations to cut their emissions through the 10:10 campaign; supports the Climate Change Act introduced by this Government, the first such legislation in the world, and the system of carbon budgets that enables Britain to set itself on a low carbon pathway; notes that carbon budgets ensure active policies by Whitehall departments and the public sector that deliver long-term sustained emissions reductions not just in 2010 but through to 2022 and beyond; further supports the efforts of local councils to move towards local carbon budgets by signing up to the 10:10 campaign; further welcomes the allocation of up to £20 million for central Government departments to enable them to reduce further and faster carbon dioxide emissions from their operations, estate and transport; and further welcomes the cross-cutting Public Value Programme review of the low carbon potential of the public sector, which will focus on how the sector can achieve transformational financial savings through value-for-money carbon reductions."

[Joan Ruddock]

In the past few months, I have met Environment Ministers, Finance Ministers and negotiators from about 40 different countries. Everywhere I go, people acknowledge and praise the UK's global leadership on climate change. So let no one be in any doubt: this Government are making a huge and concerted effort to bring about success in Copenhagen. I am grateful to the Liberal Democrat spokesperson for acknowledging that.

Our embassies around the world are engaged in outreach on the issue. Our experts are helping in many countries. Our officials are at every negotiating table. The Prime Minister and Cabinet colleagues are actively contributing to the process, and the Prime Minister has indicated that if it is necessary to secure agreement, he will go in person to achieve it. We have actively pursued ambition within the EU, arguing for a 30 per cent. conditional offer when others thought the recession an excuse for lowering targets. We have held fast to the science, arguing that any deal must put the world on track to keep global average temperature rises within 2° C. We have intervened with proposals to unblock the inevitable logjams that occur in a process that takes two years.

Mr. Graham Stuart: Britain has indeed taken a leading role in international negotiations, and I know that our embassies are involved in that, but may I put it to the Minister that our performance at home is woeful in comparison with our efforts on the international stage? How is it possible for us to show any form of global leadership given our own record on energy efficiency and our failure to implement carbon capture and storage? There are so many low-hanging fruit in which I know the Minister has been personally interested in past years. Why have the Government failed to deliver at home while talking so loudly abroad?

Joan Ruddock: Perhaps the hon. Gentleman is referring to Tory councils. I will come to the Government's record, which I assure him stands up very well when we are abroad.

Let me explain what we are aiming for at Copenhagen. We want a deal that is ambitious, effective and fair. We need action by all countries, and if we are to help developing countries move from the high-carbon path to low-carbon and climate-resilient growth, we shall need action in a number of areas including finance, technology, deforestation, adaptation and institutional reform. On 26 June this year, the Prime Minister set out the United Kingdom's position on global climate finance: the aim is to raise around $100 billion each year by 2020. The Prime Minister was the first world leader to do so, and it has paid dividends.

Mr. Peter Ainsworth (East Surrey) (Con): The Minister has failed to answer the question put by my hon. Friend the Member for Beverley and Holderness (Mr. Stuart). While dealing with the issue of energy efficiency, will she tell us what is the energy efficiency rating of her Department's headquarters?

Joan Ruddock: I am happy to answer the hon. Gentleman's specific question. I shall deal with the general issues that he raised later in my speech. The rating of our Department—we inherited the listed building—is the lowest possible, but we are taking considerable measures to change that. I assure the hon. Gentleman that our expectation is that the next time we are given an energy efficiency rating, it will not be G.

Let me tell the House about the finance initiative, which is an essential part of the Copenhagen discussions. As I have said, it has paid dividends. Climate finance is now being properly discussed in the new negotiations forums such as the Major Economies Forum on Energy and Climate—for instance, in London earlier this week—and the G8 and the G20, and they are using the broad framework that the Prime Minister set out in his speech.

We are continuing to push for ambition within the European Union so that we can take a strong position at Copenhagen. We have taken a leading role in the way in which we identify sources of finance needed to support a deal and the institutional architecture needed to deliver it, thinking creatively about how we can best facilitate the rapid deployment and development of low-carbon technology, and leading work to agree on a new international framework to tackle deforestation. We are also continuing to push our objectives with other Governments, with the Secretary of State visiting China, Russia, India, Brazil, South Africa and the United States in pursuit of a deal.

Dr. Andrew Murrison (Westbury) (Con): Does the Minister accept that not all sustainable technologies are equal? Does she agree that when we come to subsidise and support various forms of technology, we need to be discriminating if we are to maximise our impact? In particular, will she look again at onshore wind, which is causing a lot of grief to many of our constituents? Offshore wind, which has far more of a proven track record, is more likely to make a real contribution to our commitments.

Joan Ruddock: I intend to deal with those aspects of the Government's policy in due course. I wanted to put the House in the picture on Copenhagen first, because that is our absolute priority at present.

Ms Dari Taylor (Stockton, South) (Lab): I have no problem with what the Government are doing. It is focused and it is delivering, and the 10:10 campaign is excellent. However, will my hon. Friend acknowledge that one of the major contributors to carbon dioxide emission is the growth of animal feed? Will she also acknowledge that using the renewable transport fuel obligation methodology generates a carbon saving of 70 per cent. in comparison with use of fossil fuel? That rises to more than 100 per cent.—

Mr. Deputy Speaker: Order. I did say to the House that a lot of interventions would do terrible damage to the number of people who could be called in the debate. Interventions must be very short. I honestly think that the Minister has got the point that her hon. Friend has been trying to make.

Joan Ruddock: Let me assure my hon. Friend that, in looking across the whole of the economy, we are also of course looking to agriculture to make its contribution. We will take on board the points she has made.

Rob Marris: Will my hon. Friend give way?

Joan Ruddock: Yes, but I will have to respond to Mr. Deputy Speaker's comments shortly.

Rob Marris: I am grateful for what the Government have done, but I am bitterly disappointed, although unsurprised, that their amendment says nothing about adaptation. Can my hon. Friend explain why until the recent world recession CO_2 emissions per capita in the United Kingdom had increased during this century?

Joan Ruddock: I will go on to explain that our emissions have reduced in terms of the economy as a whole. That is what is critical in these talks. My hon. Friend knows very well both about my commitment to adaptation in this country and overseas and the fact that the Government have got a framework for adapting to climate change for this country, which is very comprehensive and on which work is continuously done.

Jo Swinson (East Dunbartonshire) (LD) *rose—*

Mr. Don Foster (Bath) (LD) *rose—*

Joan Ruddock: I will not give way now, as I wish to make some progress.

When we go abroad and urge other nations to be more ambitious and to do more, we do so in confidence because we know this country has already stepped up to the mark. The UK commitment to unilateral cuts of 34 per cent. in our greenhouse gas emissions by 2020 and raising the target in the event of an agreement at Copenhagen meets the level of ambition required of developed countries by the United Nations framework convention on climate change. I remind the House that our Climate Change Act 2008 has made us the first country in the world to introduce legally binding targets to limit our greenhouse gas emissions and we are the only country to have a whole economy subject to carbon constraints through carbon budgets. In producing those budgets, we have taken the advice of the independent Committee on Climate Change.

Mr. Foster: I am grateful to the Minister for giving way, and may I add to the praise that has already been heaped on her for her personal contribution in this field? However, many of us are surprised that she has allowed her name to appear on this amendment, in view of what she has just said. Can she explain why the amendment praises everybody else for signing up to the 10:10 campaign, and yet it refuses to allow this House to join in with it?

Joan Ruddock: If the hon. Gentleman is a little patient, I shall come to that.

No country has done more. I remind the House again that we will meet our Kyoto commitment by almost twice the amount required. Since 1990, greenhouse gas emissions in the UK have reduced by 18 per cent., or 21 per cent. if we add in the reductions made through the European Union emissions trading scheme, but we are in no way complacent. We know that action is required at all levels, which is why we applaud the efforts of the 10:10 campaign and encourage greater ambition and getting ordinary people involved. We also agree with 10:10 that the public sector must lead, and have put in place a raft of mechanisms to make that happen. The Liberal Democrat motion calls for all the public sector to reduce its emissions by 10 per cent. in 2010 and for the Government to produce a delivery plan by the end of this year. I regret to say that that is typical Liberal Democrat posturing. Only a party that never expects to be in government could propose a motion for a totally uncosted, unthought-through programme for a single year cut, as opposed to the sustained actions already under way to meet our carbon budgets—carbon budgets that are designed to deliver three times as much, and that were proposed by us in Committee on 18 May and agreed by the Liberal Democrats.

Mr. John Gummer (Suffolk, Coastal) (Con): I have never been slow to support the Government when they have done the right things, but surely the Minister must accept that on every single count the Government fail in these areas. Let me give her just one example. The building schools programme has no rules that enforce green building. Indeed, local councils have to choose between building either a school that is big enough or green enough. How on earth does she defend the policy?

Joan Ruddock: I shared some of the right hon. Gentleman's criticisms of that programme in the past, but it has been changed. There is now much more concentration on the greening of schools, and many schools have taken on renewable technologies.

Martin Horwood (Cheltenham) (LD): I slightly regret the tone of the statements that the Minister has just made, because she is casting doubt on the Government's ability to sign up to the 10:10 campaign. Given that her Department, the Department for International Development and some British embassies have signed up to it, precisely what excuses are being given to her by other Departments for not doing so?

Joan Ruddock: I intend to explain things, and I just ask all hon. Members to be patient until I get through the next points that I wish to make.

I have referred to the carbon budgets. I suggest also that perhaps the Liberal Democrats are not really aware that the public sector reduced its emissions by one third between 1990 and 2007. Within government we take our responsibilities seriously and we are taking steps to put in place a strong internal mechanism to manage carbon budgets across Whitehall. In the transition plan to a low-carbon economy, we announced individual carbon budgets for all major Departments, representing their share of responsibility. All Departments will publish a carbon-reduction delivery plan by next April, which will include the indicators and milestones to monitor progress. All Departments will be committed to a long-term reduction in carbon emissions—that is a reduction not just in 2009 or in 2010, but through to 2022 and beyond. The Government are already on track to meet and exceed their carbon emissions target—I ask hon. Members to listen to this—of 12.5 per cent. reductions across their estate by 2010-11. We have already put that in place and we are already on track.

Several hon. Members *rose—*

Joan Ruddock: I give way to the hon. Member for East Dunbartonshire (Jo Swinson).

Jo Swinson: I thank the Minister for giving way to me at last; it just shows that it pays to persevere. I praise the work that she has personally done on tackling climate change, but does she not recognise that it is strange to praise the 10:10 campaign while refusing in the amendment to sign up Departments and, indeed, this House, to it?

[Jo Swinson]

This House is not covered by the Government numbers that she just mentioned and it should have the opportunity to sign up to the 10:10 campaign. Today's Liberal Democrat motion is a way of doing that.

Joan Ruddock: Regrettably, the hon. Lady has not been listening to what I have said. I have been making it very clear what is already under way and why signing up to the 10:10 campaign does not make sense—[HON. MEMBERS: "This House."] This House can choose to do what this House wants to do, but the Government are clearly not committing the public sector as a whole—this is what the motion seeks—to the 10:10 campaign.

The Government are giving direct assistance through providing £54.5 million in this financial year for a public sector loans scheme, which is administered by Salix Finance. That provides interest-free loans for energy efficiency technologies that provide payback in less than five years, with ongoing savings then staying in the public sector. The Carbon Trust provides detailed support for the public sector, running a carbon management programme that enables many public sector bodies to identify savings of 25 per cent. over a five-year period. I am pleased to announce today that we are allocating £20 million to cut CO_2 emissions from both the Government estate and its transport. Some of the money will go on energy efficiency, on smart meters and on low-carbon cars, and some will go on mapping the possibilities of renewable energy on public land—that will be led by the Forestry Commission.

All that effort, and much more, is the result of years of planning and experience. Consequently, I must say to the hon. Lady that it would make no sense to require the whole public sector to commit to a one-off emissions reduction when it is already demonstrating commitment in the short, medium and long-term. For some in the public sector a 10 per cent. reduction might be possible in a single year, and I congratulate those councils that have signed up to the campaign. I am pleased to say that the Department of Energy and Climate Change is ahead of 10:10. It has signed up to, and is on course to meet, a 10 per cent. cut in energy use in our building within this financial year.

For individuals, I understand that the 10:10 campaign is aspirational, designed to give people a target to aim for voluntarily. As such, it is warmly welcomed by Government and it is consistent with our approach to the Act on CO_2 campaign. Like 10:10, we seek to encourage and help people to change their behaviour. With 42 per cent. of emissions down to our personal lifestyles, we can do much to match efforts in Government, business and industry. Since we launched our carbon calculator two years ago, more than 1.6 million people have visited the site. I welcome the involvement of 10:10 and we are keen to help them with our own resources. To demonstrate our support, not only DECC Ministers but the whole Cabinet have signed up to make a personal contribution.

Let me return to the bigger picture.

Simon Hughes: Does the Minister not accept that it sounds to everybody else who is being encouraged to sign up to the campaign as if the Government are inconsistent and not fully committed? If one or two Departments are signed up and so are bodies such as the NHS, but the Government cannot take collective responsibility, how can the Government—and Ministers—turn to the captains of industry, the leaders of the trade unions and local authorities and say with authority, "We want you to do it but we just cannot do it ourselves"?

Joan Ruddock: I remind the hon. Gentleman that his party signed up to the carbon budgets—

Simon Hughes: It is not either/or.

Joan Ruddock: It is. The carbon budgets are the result of years of effort. If a Department—or the whole public sector—were to try to put in place a 10 per cent. cut within a single year, I can assure him that projects would be absolutely useless. They would not come to fruition and that there would be chaos in planning. What would be the cost? If the Conservative party intends to support the Lib Dem motion, I hope that its spokesman will tell us what the cost would be of putting the whole public sector through that process in a single year instead of over the period of the carbon budgets to which he also signed up.

Several hon. Members *rose—*

Joan Ruddock: I need to reach some further points and to explain—*[Interruption.]* I have not rubbished 10:10. It is a very worthwhile campaign, but 10:10 has not approached us with this proposition for the whole public sector.

All sectors of the economy will have to contribute to the decarbonisation process required by the carbon budgets. We will need to change the way we do everything to cut down the amount of energy and other resources that we use. For example, by 2020 about 40 per cent. of our electricity will come from low-carbon sources—renewables, nuclear and clean coal—whereas 7 million homes will have had the opportunity to undertake whole house changes and more than 1.5 million households will be supported in the production of their own clean energy. The average new car will emit 40 per cent. less carbon than now.

We need to transform our electricity system so that our electricity comes from clean sources. We have done an enormous amount to make that possible in recent times. We plan to achieve an almost sevenfold increase in the use of renewable energy in just 11 years. To achieve that, we are expanding and extending the renewables obligation and introducing a new feed-in tariff to support micro and small-scale renewable energy projects. The inclusion of nuclear power in our generation mix can also contribute and we are therefore taking steps to ensure that unnecessary barriers to its deployment are removed. It will be for energy companies to fund, develop and build nuclear power stations, and that will include meeting the full costs of decommissioning and accepting their full share of waste management and disposal. Clean coal is another plank of our future low-carbon energy plans and, again, we are putting significant financial support into carbon capture and storage.

At the household level, we have already helped millions of families to save money, energy and carbon through our flagship scheme, the carbon emissions reductions target. Since 2002, the energy suppliers have spent billions of pounds on helping more than 5 million British householders deal with their energy efficiency needs. We expect that figure to exceed 9 million in 2011. That is proper, responsible planning and achievement.

We have also introduced a new community energy saving programme, and around £350 million will be spent on energy efficiency measures in some of the most deprived communities in the UK. Next year, we begin the roll-out of smart meters to every household in the country.

Beyond 2012, we know that there will be a need to go further. That is why we will have to introduce measures such as side wall insulation, microgeneration and new heating technologies. Such measures come at a high price, which is why we are piloting a new finance approach through the Pay As You Save pilots, which will help people take out loans that they can pay back from their energy bill savings.

I want to touch on transport for a second, as it is currently the second-largest contributor of carbon emissions in the UK. Our transition plan makes it clear that ultra-low emissions vehicles, including electric vehicles, will contribute to greater efficiency in carbon savings in the future. The Government have pledged £230 million for consumer incentive packages from 2011 to promote the early adoption of ultra-low carbon vehicles, and an additional £30 million for the installation of electric vehicle infrastructure.

Combined, these measures add up to the most ambitious transformation of the economy ever put forward by a British Government, and I defy either Opposition party to quarrel with that. Through a mixture of incentives, regulation and public spending, we are confident that we can move this country to a low-carbon path.

As we embrace a greener future, however, we also accept our historic responsibilities for our part in causing climate change. That is why we will continue to do our utmost to achieve agreement at Copenhagen. This is the most important negotiation that the world has ever known. Nothing should deflect us from that task, and no political posturing should be deployed to diminish public support for our ambition.

5.2 pm

Gregory Barker (Bexhill and Battle) (Con): I begin by congratulating the Liberals on calling this Opposition day debate. It is not a catch-all debate on climate change, and because we are relatively short of time, I shall try to keep my remarks brief. The agenda is huge and we will not have time to cover all of it, so I shall focus on the 10:10 campaign.

It is rapidly becoming clear that it is nearly impossible to overstate the challenges posed by meeting and finding solutions to the problems of dangerous man-made climate change. Any opportunity for this Chamber to discuss that, and its profound effects, should be warmly welcomed.

Over the summer recess, we learned that Arctic summer ice will have disappeared completely, not by 2050 as we had previously thought, but possibly as soon as within 20 years. We can all agree that there is now widespread agreement about the nature and scale of the threat posed by climate change. Before I move on, I shall give the House one more fact: it is estimated that if the Himalayan glaciers were to melt, three-quarters of a billion people would be without sufficient water. We cannot pretend that that would not have serious consequences for all of us in terms of global conflict, mass movements of people and our national security.

Rob Marris: What about adaptation?

Gregory Barker: There often seems to be a healthy consensus in UK politics on climate change, even if we do not talk enough about adaptation. Over the past few years we in the UK are fortunate enough to have enjoyed a good consensus, by and large, about the challenges and threats posed. We worked constructively with the Government across party on the Climate Change Act 2008. It is to the Government's credit that that is on the statute book, and we look forward to strengthening and improving any new legislation on climate that is included in this autumn's Queen's Speech.

However, a broad consensus over the direction of travel and the nature of the challenge should not be mistaken for a sense of job done in respect of Britain's political and economic response. A commitment to a framework of reductions is only a small first step. As the Government have demonstrated by their failure to meet their manifesto pledges to reduce emissions targets, frameworks and targets on their own are not enough unless there is a plan for delivery behind them. What we have learned from the Minister today is that for Labour, energy efficiency is a fourth-term issue.

Bill Wiggin (Leominster) (Con): On Government targets, it was the Minister who said that every new job should be a green job. That was in March this year. That same month, the Prime Minister promised 400,000 new green jobs, but at the Labour party conference that figure fell to 250,000. Is there any reason why the Government should have axed 150,000 jobs?

Gregory Barker: No real reason, except that those figures were plucked out of green air. Leadership means taking responsibility to deliver clear outcomes. On an issue of such severity, waiting and waiting is no longer an option.

Barry Gardiner (Brent, North) (Lab): The hon. Gentleman spoke of the necessity for frameworks, which he has supported. I welcome that, but does he agree that having established the framework, having got the Climate Change Committee to make its recommendations, and having drawn up for Government a programme to enact those recommendations, it does not make sense to do something else and ask the Government to sign up to 10:10, which will conflict with the programmatic framework that the hon. Gentleman welcomed?

Gregory Barker: The most important thing about the 10:10 campaign is that it instils a sense of urgency into the agenda which is singularly lacking in the Government. They seem to take comfort from frameworks, regulation, long-term targets and the never-never land of 2020—when they will be long gone—believing that that justifies their inaction now. We must focus on what can be done.

Mr. Peter Ainsworth: Was not one of the most telling remarks made by the Minister in her contribution, when criticising the motion, that signing up to the 10:10 deal would cost a huge amount of money? She implied criticism of our Front-Bench team for not having costed that. This is not about cost. Does my hon. Friend agree that we are talking about saving energy, saving CO_2 and saving money, not spending it?

Gregory Barker: Indeed. Labour just doesn't get it. The Government still have an old-fashioned backward-looking 20th century approach. They think that the environment costs, and must be paid for, whereas people in the 21st century understand that progressive and

[Gregory Barker]

globally competitive economies must be energy-efficient. That is not an optional add-on. Whether energy efficiency is financed in the public sector, in the private sector or by consumers, more and more energy-efficient models are self-financing. The Minister should be aware that despite the credit crunch, there is a great deal of innovative financing out there now which is coming to the fore and which demonstrates that it does not need a big up-front spend from the taxpayer. We need to show political leadership that puts that on the agenda. To retreat into carbon budgets as though they were some universal panacea is claptrap. What we need is real progress now.

Malcolm Bruce (Gordon) (LD): The hon. Gentleman is making a powerful point. Is not Labour looking for excuses not to support the motion? If the Government had so much in place there would be no difficulty in delivering a 10 per cent. reduction next year, because the mechanisms would already be there. Why will the Government not allow the House to decide that it wants to sign up to that? If anybody wants to vote for that—

Mr. Deputy Speaker: Order. The right hon. Gentleman should not attempt to put too much in an intervention, especially if he is hoping to catch my eye later.

Gregory Barker: I thoroughly agree with the right hon. Member for Gordon (Malcolm Bruce). The trouble with this Government is that they are stuck in a rut. Their default mechanism is, "Don't support an Opposition motion." It just goes against the tribal instinct. However, I am sure that the Minister's common sense argues in the other direction, and that she did her bit to try to support the motion, but unfortunately was not successful.

Joan Ruddock: I would not have argued in any way for the motion. The situation is very clear to us: we have a programme that was laid out in detail in the transition plan this summer and covers the next decade. It includes the spending that we need to achieve and the policies that we have to put in place. We are talking about spending billions of pounds to achieve those policies, so it would be nonsense to try to turn that around for a gesture—for a single year—when we have a programme that runs to 2020.

Gregory Barker: The Minister has to understand that nobody—certainly nobody in this House who sits on the Opposition Benches—has the slightest confidence in any Government plan. They have been shown to fail in the past; they will fail in the future.

Several hon. Members *rose*—

Gregory Barker: I give way to my hon. Friend the Member for Beverley and Holderness (Mr. Stuart).

Mr. Graham Stuart: My hon. Friend is absolutely right. Of course, not only will the 2010 target on emissions be missed, but the child poverty target will be missed, too. Again and again, Government Members sit on their Benches in righteous indignation because they have "laid out a plan". It is not the plan we want, it is delivery—and it is delivery that we have never received.

Mr. Deputy Speaker: Order. The hon. Member for Bexhill and Battle (Gregory Barker) seems to be whipping up interventions, but I say to the hon. Member for Beverley and Holderness (Mr. Stuart), who just intervened, that there is a saying, "Never do anything twice," and three times is getting a little excessive in this debate.

Gregory Barker: I shall endeavour to make some progress, Mr. Deputy Speaker.

Several hon. Members *rose*—

Gregory Barker: I shall take an intervention from the hon. Member for Regent's Park and Kensington, North (Ms Buck).

Ms Karen Buck (Regent's Park and Kensington, North) (Lab): The 10:10 campaign has enormous strength, and is not its beauty due to the fact that it is a genuinely bottom-up campaign about changing the behaviour of individuals and organisations, and getting mass buy-in? Will the hon. Gentleman therefore say why he has not instructed all Conservative councils to sign up to it, or ensured that all Conservative-led local authorities and partner delivery organisations actively support it?

Gregory Barker: For a start, we do not instruct our councils to do anything. We certainly encourage them, and we will try to show some leadership. We certainly do not anticipate—

Hugh Bayley (City of York) (Lab): Will the hon. Gentleman give way?

Gregory Barker: Would the hon. Gentleman mind if I finished my response to the previous intervention first?

We certainly do not anticipate a new layer of bureaucracy. The 10:10 campaign is a public campaign that will not give rise to new regulation or bureaucracy. However, we exhort the whole public sector to participate in it.

Several hon. Members *rose*—

Gregory Barker: I shall try to make some progress now, but I shall try to take Members' interventions a little later.

How would I sum up the situation? There is a huge gap between ambition, practical vision and delivery on the ground, and there is a woeful mismatch between the debate in the UK about the political response to climate change so far and what has happened in the past. The bottom line is that the Conservatives have had enough of well-meaning but unambitious small-scale tinkering with the energy markets; we have had enough of complicated overlapping initiatives and regulation that would leave would-be entrepreneurs and investors in our green economy scratching their heads; we have had enough of sham green taxation that raised money for the Treasury without any clear green outcome—and we have had enough of a Government who could not make up their mind on coal or carbon capture and storage, had to be forced into feed-in tariffs and have no real strategy on heat and energy efficiency.

Our low-carbon economy paper brings together all those elements in a coherent and ambitious strategy. It is a route to a transformation of the UK. It is not a wish

list of targets and frameworks with no delivery; it is a plan for action which will be at the heart of the next Conservative manifesto.

Mr. Chaytor: The motion requires

"all public sector bodies...to make it their policy to achieve a 10 per cent. reduction in greenhouse gas emissions"

by next year. Will the hon. Gentleman tell the House how many Tory councils have already signed up to the climate change indicator in the comprehensive performance assessment, and how many Tory councils have mechanisms in place even to measure their emissions, let alone to cut them by 10 per cent. in one year?

Gregory Barker: I cannot give the hon. Gentleman a figure off the top of my head, but I can tell him that Conservative councils are by far the most efficient in the country and will certainly be looking to save money. People have to understand that that is what the energy efficiency debate is about. It is not about the environment or about saving money, but about both—it is two sides of the same coin.

I have absolutely no doubt that the more Conservative councils come to understand the benefits of ambitious energy efficiency, the more they will be adopting such a strategy. There are certainly a lot more councils still to sign up. The 10:10 campaign was not launched in one go—it has been a viral campaign, and it is steadily growing. It started primarily with Liberal councils, but it is spreading, and I hope that more Conservative councils will take part. Where there are doubts about their ability to meet the targets, I will join in trying to persuade, educate and encourage them about how much of a money-saving strategy this could be. That includes my own local councils. Across the board, there are people who need to understand how beneficial this could be, as well as being the right thing to do.

Simon Hughes: Many people will be encouraged by what the hon. Gentleman has said. As his party is supporting the motion, will he encourage his colleagues around the country to support this initiative, wherever it comes from, particularly in places such as the Isle of Wight, which sadly, under Tory control, has acted as a barrier to wind turbines, indirectly resulting in Vestas closing down its plant and not producing them any more?

Gregory Barker: I think that Vestas closing down plant in the UK has less to do with the micro-politics of the Isle of Wight and a lot more to do with a total absence of leadership at national level after 10 years of a Labour Government.

If we are to show global leadership, it will be through our actions and their results, not through international grandstanding. That message was reinforced this morning when I met the high-level delegation from China who are en route to this weekend's GLOBE International meeting at Copenhagen. They made it absolutely plain that they, pragmatically, set far more store by short-term actions than long-term targets. The two are not mutually exclusive, but one can certainly see their point. We must deliver emissions reductions at home to have any sort of global authority.

In the run-up to Copenhagen, it is becoming clear just how much the Government's failure significantly to reduce emissions over the past 11 years is costing our credibility. As the Minister admitted, the DECC has the lowest possible rating for a Government Department, but unfortunately one would think from her comments that that was an aberration—that along the rest of Whitehall there were great beacons of energy efficiency and this was just one little period building. In fact, according to the Sustainable Development Commission, of the central Government and non-governmental public body estate, approximately 85 per cent. of buildings that even displayed an energy certificate were rated D or below and 59 per cent. were rated E or below. That is absolutely shocking. There can be no special excuses. Are we to expect the DECC to go round and occupy every single Ministry over the next 10 years as the only way to achieve delivery?

The whole Government estate has an energy bill of approximately £4 billion a year, so a huge amount of taxpayers' money is unnecessarily wasted on electricity and energy bills. Yet we have had to wait until the fag end of a third-term Labour Government before they have begun to get even vaguely serious about energy efficiency. That is why Governments such as China's are not taking this Government as seriously as they should. The failure is compounded by missed opportunities. Energy security, green jobs, the huge economic opportunity of leading in new technologies, and a higher quality of life: all those are on offer, but to galvanise the private sector into taking advantage of such opportunities we require clear Government leadership.

Hugh Bayley: I am surprised that nobody has mentioned the fact that the House of Commons Commission, which is responsible for the carbon emissions from this building, considered this very matter at a meeting earlier this week. The minutes say:

"The Commission agreed that it could not sign up to the 10:10 campaign, but would explain that it planned to set meaningful and deliverable targets for 2010/11."

Did the Conservative members of the Commission support its decision; if not, what did they say?

Gregory Barker: I do not know, but I would not mind laying a decent bet that there was a Labour majority, probably of former Ministers, imbued with a sense of targets.

Hugh Bayley: There is not a Labour majority; the Commission is a cross-party body chaired by Mr. Speaker.

Gregory Barker: I think that the hon. Gentleman will find that although it may be cross-party, there is still a Labour majority.

Hugh Bayley: No, there is not a Labour majority.

Gregory Barker: I am not going to get dragged into that, but it is unfortunate if the House has turned down an opportunity to join the campaign. I keep coming back to the fact that people want to see action, not yet more targets and budgets. They simply will not understand why things that can be done now are not being done, or why Ministers or their apologists are seeking some sort of safe refuge in future action at some unspecified date, or in further budgets and targets.

Mr. Oliver Heald (North-East Hertfordshire) (Con): Does my hon. Friend agree that if firm, practical action along the lines of 10:10 were taken in this country, the

[Mr. Oliver Heald]

effect would be to send out a message ahead of Copenhagen that this is not going to be yet another occasion that is all about warm words and signing up to something vague and meaningless, but that it will be an occasion when the world means business and something really has to change?

Gregory Barker: Absolutely. We need action, not words, and when better than in such serious economic times as these to put efficiency and money saving hand in hand, right at the top of the agenda? Only an old-fashioned, backward-looking mentality is preventing that.

Colin Challen (Morley and Rothwell) (Lab): Will the hon. Gentleman give way?

Gregory Barker: I will, but then I will try to make some progress. I had expected this to be the usual genteel outing, but I am glad to see the House so full.

Colin Challen: I am grateful to the hon. Gentleman. I apologise to the House for intervening, but I have something on my chest. Last week the Climate Change Committee's first annual report to Parliament, containing many recommendations, was published. He does not have to wait until next year to respond to it. Will he say now whether a future Conservative Government will accept all its recommendations?

Gregory Barker: I certainly cannot do that, and I have to plead guilty: I have not read all the report. Even if I felt that I could accept all the recommendations, I fear that that would be way above my pay grade.

We must consider whether we have been left behind on wind and solar energy and why we lag miserably on energy efficiency. We need to act now to ensure that we grasp the clear opportunities provided by offshore wind, carbon capture and storage, wave and tidal power and a host of other technologies. How much more British innovation will go abroad? How many times will we see such situations as the Pelamis wave energy convertor going to Portugal before the Government wake up to the damage that a lack of strong political leadership is doing to us, and the extent to which it is setting back this agenda?

Having fixed our frameworks for emissions reductions in the Climate Change Act, we should focus entirely on delivering and executing our comprehensive and ambitious vision for a low-carbon Britain, all the way from local to international level. Of all the things that we need to do, energy efficiency is the lowest-hanging fruit; it is at the far end of the McKinsey curve. Industry and consumers are waking up to that fact, and we just need the Government to get on with the programme.

As I mentioned earlier, many councils are still perplexed by the mixed messages and lack of leadership from central Government. That is why the 10:10 campaign has a job to do. If everybody were signed up and doing the necessary things, there would be no need for that sort of motivational campaign. The fact that there is still resistance is the reason why we need such a campaign.

To give more local authorities, particularly smaller ones such as my own in Rother, the confidence that they will need to deliver on their targets, which are easy to sign up to but much harder to deliver, we need an ambitious roll-out of energy efficiency incentives, regulatory change and leadership from the centre to empower action in the community. Local authorities still encounter too many barriers to driving ahead as fast as they can. Better information on the latest technology and energy-saving best practice is needed, in an area that is changing all the time. There must be greater freedom to employ innovative financing schemes, particularly using energy service companies and new shared saving schemes that do not place the up-front costs of new technologies and retrofits on the taxpayer or on the overstretched budgets of local authorities.

Certainly, those concerns have been expressed to me locally, and I shall be addressing them at my local energy efficiency summit—*[Interruption.]* I hear someone on the Government Benches asking how much those things will cost. They just do not get it. They have clearly never heard of shared savings models or ESCOs—energy service companies—and they clearly do not understand the appetite in the private sector to be part of this revolution, or the changes that are happening out there in the world. The world out there is changing and the Government do not seem to have woken up to the potential or the opportunity.

Rob Marris: I think the House will know what I am going to say. The world is changing out there: already from climate change we have floods, pestilence, and population movement. Are the hon. Gentleman and his party going to say anything about adaptation?

Mr. Deputy Speaker: Order. I say to the hon. Gentleman: please show restraint. We have 18 hon. Members who still want to speak, and we have not reached the main debate yet. Three interventions really is excessive.

Gregory Barker: Thank you, Mr. Deputy Speaker. I shall try to bring my remarks to a close. The hon. Member for Wolverhampton, South-West (Rob Marris) makes a good and strong point. He is the champion of adaptation in the House, but I fear that, given the time constraints, this is not the debate in which to do that subject justice.

The 10:10 campaign is just that—a campaign. It is a way to motivate and inform not only local communities and individuals, but the Government. We need the Government to show that they are actually part of the same community as we all live in. It is no good the individual members of the Cabinet signing up around the Cabinet table to take action in their personal lives; we need them sitting at the Cabinet table taking action in their public lives. The ridiculous tokenism of saying, "Well, I'm doing something at home to change my gas boiler," when they sit in charge of departmental budgets of, in some cases, billions of pounds, or a woefully inadequate estate, such as that of the Department of Energy and Climate Change or all the other Departments put together, is just not good enough.

We need Ministers to face up to their responsibilities and to realise that they do not have a monopoly on all the solutions or good ideas. They do not even have the confidence to embrace the new, interesting and exciting innovation out there. They really should join the rest of the world and support 10:10.

Several hon. Members *rose—*

Mr. Deputy Speaker: Order. I realise that I am fighting a losing battle on this occasion. There are a great many hon. Members, with great credentials on this subject, who want to speak. We will start with the pre-announced limit of eight minutes on Back-Bench speeches, but after 6 o'clock it will be reduced to four minutes.

5.27 pm

Mr. John Prescott (Kingston upon Hull, East) (Lab): I have listened to many of these debates and had the privilege of being involved in the Kyoto negotiations in 1997, when Britain played the leading part in concluding the Kyoto agreement. It is quite wrong for the hon. Member for Bexhill and Battle (Gregory Barker) to be talking as if we have no direction and no delivery. I think he knows as much about this Government's delivery as he does about the recommendations of Committees of the House.

The motion before us may concentrate on 10:10, but I will be fair to the Liberal party and say that it makes no basic criticism of the leadership internationally. That is not the case made by the Conservatives, who clearly say that we did not live up to our obligations, that we did not deliver and that we did not show leadership.

May I instruct the hon. Gentleman a little bit on what the Government did to earn respect abroad? He is quite wrong to suggest that China is critical. I have met people globally, including the chief negotiator dealing with climate negotiations in Beijing last week. As my hon. Friend the Minister said, the Chinese admire the leadership that has been shown by this country. The facts are clear, and people in government have to show that.

We were the first country to achieve our Kyoto targets. We were one of only four countries that did so out of the 15 that negotiated at Kyoto, and we did so ahead of the Kyoto timetable. That is showing leadership.

Gregory Barker: Before the right hon. Gentleman gets too carried away, can we just remember that the only reason why the Government will meet their Kyoto targets is the dash for gas in the 1990s? Without that, they would be nowhere near meeting them.

Mr. Prescott: Again, the hon. Gentleman shows his ignorance. Let me tell him this: presumably, there was some leadership to achieve the targets and bring things together. Only four countries in Europe actually achieved the Kyoto target, so we must have been all right on delivery. We were the first to want to talk about carbon trading, which Europe then took over from us. We were the first ones to bring in most of the changes well before anyone else was involved. To that extent, we can easily show leadership since Kyoto.

Globally, we have made advances under the leadership of this Government. When it comes to the argument for a statutory framework for carbon targets, tell me of any other country that has done that. If we look at other countries' proposals, we see that are the most advanced. I have the advantage of being the rapporteur for the Council of Europe environment committee, together with my hon. Friend the Member for Mansfield (Mr. Meale)—so I will go to Copenhagen—and I have had to look at what all the other countries have done. Without doubt, we have led on the major changes and delivered them.

The hon. Gentleman said that we should work with the private sector. Has he not heard of the climate change levy? How does he think that that came about? It was a major contribution to reducing carbon emissions, and it was done by the private sector voluntarily working with the Government to achieve the target. He just does not know what has happened since 1997, and that is why his judgments are so wrong today.

As the Prime Minister recognises, adaptation, mitigation and the other policies will require money. It is our Prime Minister who has put a figure on the amount needed, for the first time, and we will have to do a lot more to achieve it. No other country has done that and we have shown leadership, in the hope that we will achieve delivery internationally. We need global action and we have done well in leading that. We also need national policies, and we have shown leadership with the low-carbon road plan and the other issues that my hon. Friend the Minister has worked on. She has an excellent record and I congratulate her.

We also need action at a local level. I have campaigned in schools on the environment and specifically on 10:10, and I fully support it, but we have to balance that campaign against the Government's proposals and what they will deliver over time. It is not long until 2020, and if we do not make the decisions by 2015 we will not achieve the reductions that we need, so we have set targets nationally.

The hon. Member for Beverley and Holderness (Mr. Stuart) is very vocal in my area in opposition to wind farms, incinerators and anything that will help to deal with climate change. He should talk to the planning people. Offshore we are on target, but onshore is more difficult. Some 75 per cent. of all planning applications for wind farms are turned down, mainly by Tory authorities, including in the east Yorkshire area that he represents. He campaigns on the basis that people want to keep their view, but that will not do anything to reduce carbon emissions or increase alternative energy provision.

Mr. Graham Stuart: By forcing policy on people—as the former Deputy Prime Minister liked to do in all his policy areas—instead of working with them, we end up with fewer wind farms. The right hon. Gentleman is always trying to overturn the local will of the people. That is what has caused the problem and that is why people reject his form of politics.

Mr. Prescott: I do wish the hon. Gentleman would go and talk to his Tory council and see what is actually happening. I have 44 examples of wind farm applications all over the country that have been turned down. They were recommended by the planning officers, but they were rejected by Tory councillors. On appeal, 70 per cent. of those applications, which were rejected by the elected authorities, are imposed, because they are an essential part of our drive to reduce carbon emissions and increase alternative energy supply. Let us have a bit more sense and some more facts—*[Interruption.]*

Mr. Deputy Speaker (Sir Michael Lord): Order. The hon. Member for Beverley and Holderness (Mr. Stuart) must not ask a question and then keep chuntering from a sedentary position while the answer is being given.

Mr. Prescott: The real issue is achieving agreement at Copenhagen—

Mr. Heald: Will the right hon. Gentleman give way?

Mr. Prescott: No, because other hon. Members wish to speak.

I do not think that the European deal, which is based on emissions and which I call plan A, will work. There are 187 countries, not the 40-odd that were at Kyoto. We need consensus, and we need to recognise that 80 per cent. of the world lives in poverty. We are the 20 per cent. who poisoned the world. The emissions argument in the European deal would mean that less developed countries do not get the right to grow in the way that they should, and they know that. Instead of measuring our progress on emissions—whether 20 or 30 per cent.—we should start talking about gigatonnes. Let us measure that progress according to poisoning per head per year: in America it is 20 tonnes per head; in Europe 10 tonnes; in Japan 12 tonnes; in China 5 tonnes; in India 2 tonnes; and in Africa 1 tonne. Some 80 per cent. of the world's population suffer the poverty of living on less than $2 a day. Unless Copenhagen recognises that the agreement must be about social justice, it will fail.

We must change, therefore, to a better way of measuring our progress. Many countries want to find an agreement; they certainly do not want to be accused of failing. However, we will not dot our i's and cross our t's at Copenhagen. We did not do that at Kyoto; we agreed the principles and then we went to the conference of parties to renegotiate. At the end of the day, Copenhagen will mean the leaders getting together, and who is the one man who has said that he will go to Copenhagen? Who is leading? Our Prime Minister has made it clear that it will be a political fix. The world needs it and if we are to look after our children and our children's children, we had better start thinking seriously locally, nationally and globally. Britain is giving the leadership on that.

5.36 pm

Malcolm Bruce (Gordon) (LD): My hon. Friend the Member for North Southwark and Bermondsey (Simon Hughes) made it clear that the Liberal Democrats are trying to focus on a very simple thing that the House could do today: sign up for the 10:10 campaign. I have absolute admiration for the Minister. Her commitment on this subject is acknowledged and her contribution is huge, but the fact remains that the Government sound as if they are looking for excuses not to adopt a motion that her own policies would enable them to deliver if they were implemented. Surely the House should be able to decide whether it signs up for 10:10. If the House votes for the Government amendment, it will be unable to do so; only by voting for the Liberal Democrat motion can the House assert that it wishes to do so.

Hugh Bayley *rose—*

Malcolm Bruce: I shall not take the hon. Gentleman's intervention, but I will anticipate it. He said that the House of Commons Commission had indicated that it did not wish to go down that route, but that does not prevent the House from saying that it wants it to do so and asking it to think again. The 10:10 website, which I looked at today, says that the House of Commons has the opportunity to sign up for 10:10 today and asks people to ask their MP to do so. If the House does not pass this motion, I assume that tomorrow the website will say, "Parliament failed to join the 10:10 campaign because the Labour Whips would not allow it to." Some Labour Members should ask themselves whether they want to be in that position.

Ms Buck: The right hon. Gentleman feels strongly that Parliament has to commit to the 10:10 campaign today, but why was that not proposed by the Liberal Democrats as an amendment to the Climate Change Act 2008 when we passed it just a few months ago? Is it not a fact that this is about not a serious, sustained reduction in carbon emissions, but a gimmick to make them feel better?

Malcolm Bruce: Hang on. I did not like the last bit of the hon. Lady's intervention. So 10:10 is a gimmick? Is that what she is saying? The fact is that there was no 10:10 campaign when the 2008 Act went through Parliament, but there is now and it has widespread support individually and collectively. It is right for the House to use this opportunity to give a lead by saying, "We wish to join that campaign as a Parliament," as well as by urging the Government and other bodies to do so.

Hugh Bayley *rose—*

Malcolm Bruce: I am anxious to let other people make their speeches.

The point that I want to get across is that all of us have to think hard about the practicalities involved and how we can engage with central and local government to help each other to achieve the aim of joining the campaign.

Joan Ruddock: I have defended, and explained, the Government's position. I have made no mention of the House and its administration, which is a matter for the House. We have not in any way sought to prevent that from happening.

Malcolm Bruce: I am grateful for the Minister's intervention, and I accept her sincerity. On the other hand, the House faces a practical problem. If it wishes to join 10:10, it needs to vote for the Liberal Democrat motion, because it contains the wording that would allow that to happen. It is unfortunate that the Government, in seeking to amend the motion, did not incorporate that part of it and so, I suggest, make it easier for their own Members to support it. Some Labour Members should examine whether they really want to be in the position of having rejected that option.

Hugh Bayley *rose—*

Malcolm Bruce: I cannot take another intervention as others need to speak.

I will come to what the right hon. Member for Kingston upon Hull, East (Mr. Prescott) said shortly—I completely agree with his closing remarks—but before I do, let me say that we need to give people a lot more help domestically to deliver reductions. We are still taking a rather scatter-gun approach. Everybody knows that there are technologies out there, but it is difficult to get hold of them. For example, for the past seven or eight years, I have been told that micro-combined heat and power systems will be available next year—indeed, I am still told that. However, people find it difficult to know how to engage with that process and whether to choose air or water source heat pumps, or where to get them from.

There is still a huge role for solar power in this country, which is totally un-resourced. Indeed, the right hon. Gentleman said in a previous incarnation that he would make it a building regulation that solar panels would be incorporated into the roofs of all new houses, but that does not seem to have happened. We therefore need to move towards giving people those opportunities.

I represent a constituency that is a major producer of oil and gas, and it will continue to be so for many decades to come. However, my constituency is also trying to adapt the technologies used for developing oil and gas to support the development of large-scale renewables systems, particularly in the marine environment. That is being done by installing offshore wind farms and tidal and wave technology, as well as other mechanisms to which the technology developed to install oil and gas platforms and pipelines is appropriately adapted. Indeed, we are looking for the opportunity to adapt such technology to deliver on our targets.

The point was made at a presentation in the House only a few months ago that if we are to deliver on our offshore wind targets, we need huge investment in lifting vessels that are capable of installing them, yet there is no indication that that is happening. As a consequence, we will not be able to achieve our targets. I am not criticising; I am simply saying that there is so much to be done if we are to deliver on that.

Finally, on the domestic front, I wonder whether the Government could use their unexpected role as the owner of substantial parts of our financial institutions to give people the mechanisms to invest in renewable technology and, in the process, create the thousands of green jobs that would help us out of the recession and reduce our emissions. There is now a unique and unexpected serendipity of circumstances, which, if the Government joined all those threads together, could enable us to move faster than we are. That is not a criticism of the Government, but perhaps a challenge and an invitation to take that idea forward.

I want to pick up on the remarks that the right hon. Gentleman made about Copenhagen. He is absolutely right: if Copenhagen degenerates into the rich nations' club, with those countries trying to decide how to share out their emissions, there will be no point in going. It is as simple as that. Why on earth should the poor countries of the world sign up to anything that is conducted in that spirit?

As the Chairman of the Select Committee on International Development, I know only too well that the perpetrators of climate change are us—the developed world—while the victims are the poorest countries in the world. My Committee will be in Bangladesh and Nepal next week. Bangladesh is probably one of the poorest countries in the world that is suffering most from climate change. Half the country could disappear in 20 years unless Bangladesh has not only the mitigation measures, but the adaptation measures—the hon. Member for Wolverhampton, South-West (Rob Marris) has left the Chamber—to enable it to manage.

As I found out from evidence given to my Committee yesterday, Bangladesh does not need a Dutch solution, because the way that the water flows there is very different from how it stands in the Netherlands, and it therefore requires a different set of technologies. Those technologies are ones that the west will have to help Bangladesh with, through both practical resources and technology. We have to commit to undertake to do that at Copenhagen. It is about technology and money.

With that qualification, I welcome the Government's indication that they accept wholeheartedly the limit of 10 per cent. of overseas aid and development for climate change, but I suggest that there might be more strictures than that, and perhaps voluntarily. The second one may not be acceptable, but the first is that we should consider praying for climate change investment out of official development assistance only if it also delivers poverty reduction at the same time.

Barry Gardiner: Of course.

Malcolm Bruce: Well, I take that as a given, but it is important that that qualification is written in and the understanding is clear, so that projects are evaluated accordingly.

The second stricture that I was considering was that this proposal would be uncomfortable for the United Kingdom and should perhaps apply only to the countries that have achieved the 0.7 per cent. of GDP. People in poor countries are saying that the 10 per cent. rule implies that 10 per cent. is being skimmed off the development aid that they were expecting, in order to deal with climate change, which is a problem of our making from which they are suffering. I agree with the Prime Minister that we must find substantial additional resources, and that we need to make it clear that those resources are going to be transferred from the rich countries to the poor countries to help them to meet the challenge.

I should like to mention one particular exchange with the Prime Minister. At one point, he called for the World Bank to be turned into the environment bank. I shall give him the benefit of the doubt and say that that was a well-intentioned suggestion, but our Committee saw the danger of the World Bank, which has as a prime responsibility the reduction of poverty, being subsumed into making climate change a priority. I am glad to say that that proposal has not been pursued. We need to tackle both problems.

The Minister and I were active in the GLOBE forum of legislators, which is still continuing. She and I chaired the first meeting in London, in the run-up to Gleneagles, and another is taking place in Copenhagen this weekend. Legislators from around the world are going to try to help world leaders to come up with a text that is deliverable, that has the support of Parliaments—Governments and Oppositions—and that persuades the poor countries that there is a benefit to be gained, rather than a continuation of their suffering as a result of climate change. If we can bind Parliaments and Governments together, and bind successive Governments to meeting those commitments, we will have achieved a great deal. I believe that the interaction of Parliaments and Governments is the only way to do this, because Governments come and go, but Parliaments, although they change, can continue to provide the steel in the commitment to ensure that we not only make targets but deliver the policies that will make a difference.

5.46 pm

Mr. Elliot Morley (Scunthorpe) (Lab): I am very pleased to follow the right hon. Member for Gordon (Malcolm Bruce). I know how much work he has put in,

[Mr. Elliot Morley]

through GLOBE and other forums, and I agree with a great deal—although not all—of what he said. I welcome this opportunity to discuss not only the practical ways in which the Government can achieve their own targets, but the wider implications, particularly in the lead-up to Copenhagen.

I accept that the Government must lead by example. They must set an example nationally—for the private sector and local authorities, for example—as well as internationally. They have a lot to be proud of with regard to their international lead, and I appreciate that the Liberal Democrats acknowledged that. They have given a world lead through the Climate Change Act 2008, through introducing the concept of carbon budgets, which will be crucial for the delivery of our targets, and through using market mechanisms, such as the emissions trading scheme that has been developed by the European Union.

I also very much appreciate the fact that the Government have been working together with the Foreign Office, the Department for Energy and Climate Change, the Treasury and our embassies abroad. They have held seminars and campaigned to build support for the objectives that we must achieve at Copenhagen, and they deserve a great deal of credit for that. Their work is widely admired in many countries. That is not to say that we cannot do more, however. Progress has been slow in some areas.

I welcome the fact that the Government have acknowledged the importance of the 10:10 campaign in their amendment and have not tried to undermine it in any way. The campaign has an important contribution to make. It is directed at individuals and organisations, which will have to make up their own minds and evaluate whether they will be able to achieve the target within 12 months. The problem with the Liberal Democrat motion is that it does not define the public sector or which aspects of government should be involved. I do not know whether a 10 per cent. reduction can be achieved in 12 months; I suspect that, in truth, no one knows that. These targets are worth looking at, and to do so does not undermine the 10:10 campaign, but it does no one any good to sign up to targets if they do not have the necessary information to enable them to deliver them. That would undermine the targets.

Anne Main (St. Albans) (Con): You do it all the time.

Mr. Morley: If the Government were to sign up to a target that they were not sure they could deliver, I suspect that the Opposition parties would not simply say, "Well, it was a bold move, and you did your best. We understand." That is not to say that targets do not have a role or to say that targets should not be viewed as important—indeed, the Government have set them.

Lynne Jones (Birmingham, Selly Oak) (Lab): On that point, since the Government have already set themselves long-term but very challenging targets, and since we already know from the report by the Committee on Climate Change that they are not on a trajectory to meet those targets, should not the Government have the information, so that they know what to do to get back on target, which will probably require a 10 per cent. reduction in the very near future?

Mr. Morley: It may well; I accept that point. That is why I greatly welcomed what the Minister said about the obligation on all Government Departments to have carbon reduction plans in place by next April. It would be nice if that could be brought forward and if we could have an evaluation of whether a 10 per cent. target could be met. I certainly think that the Government should take that seriously as part of that carbon reduction plan. They should look at a proper assessment of what can and cannot be done.

Simon Hughes: I ask the right hon. Gentleman, who is very knowledgeable, to accept two points. First, the first 10 per cent. is often the easiest to obtain. Secondly, if bodies such as the NHS, which is the largest public sector organisation in this country and is larger than those in many other countries, can say, "We think we can deliver", is it not ultimately a matter of will and intention rather than technicality? The figures and assessments exist, but it is all about the political will to deliver.

Mr. Morley: I agree with most of those points. It is quite likely that the first 10 per cent. reductions are achievable in many cases, but I return to the point that I do not know. I very much hope that the NHS signs up; it can do so, if it chooses, which is fine. The Government do not control that aspect of the NHS, of course, as they do not control local authorities, but I think that the NHS signing up would be a good thing. I also accept that there are savings to be had and appreciate that a great deal more could be done.

The issue of the Department of Energy and Climate Change building and its energy rating provides a good example. What concerns me is that the DECC building—it was formerly owned by the Ministry of Agriculture, Fisheries and Food; it is a Government-owned building—was actually gutted. The outside is original, but there is nothing original on the inside. It was done not that long ago, but who on earth set the standards for that? Why does it have such a low rating for what is a comparatively modern construction? There is no excuse for it. What DEFRA did in its recent refurbishment—for example, the use of recycled carpet tiles and the introduction of water-saving and energy-saving measures—provides an example of what can be done with an old building. The Treasury received awards for its conversion of the old Treasury building into a modern building. Clearly, there has been a failure with the DECC building, and someone is responsible for it. That is what worries me.

The Government are developing excellent frameworks and strategies, but the pace of progress in many cases is slow. I know that work has been done on procurement, but I am not convinced about the way in which the Government are delivering or whether they are exerting the influence that they should. An awful lot more could be done. I appreciate—I know it from my own experience—that the wheels of government turn at a terribly slow rate, and I think that that is the case whatever Government are in power. It could be better. I would be grateful if the Minister would ensure, in addition to the very welcome carbon reduction plans, that there is a mechanism for delivery—perhaps by using the green Ministers' network or perhaps by having a much tighter evaluation of Government procurement, Government buildings and so forth.

Schools were mentioned earlier. I, too, was concerned about the original standards, but they have been improved. My own local authority is part of the current wave of

Building Schools for the Future, and I am very encouraged by the work put into sustainability and energy saving. A great deal more could nevertheless be done, and the Government could have an enormous influence.

Let me deal briefly with Copenhagen, because it is crucial. This year is crucial, because the outcome of Copenhagen is crucial: the outcome is crucial for every part of the globe, and it is not going to be easy to get the one that we want. There is still quite a gulf between many countries, particularly between the developing and the developed countries. My right hon. Friend the Member for Kingston upon Hull, East (Mr. Prescott) rightly touched on that, and I agree with what he said.

There must be an outcome, but I worry that the Copenhagen conference will just agree principles. There is some urgency, and Copenhagen must produce key objectives. Firm commitments from developed countries on their emissions are necessary. Given how difficult and crucial the conference will be, world leaders must be there. I am proud that our Prime Minister has given a lead by saying that he will go, and we need President Obama there, because key players such as the US, China, India and the UK will be very important.

Some commitments from developing countries are necessary, although they should not be the same as ours, as the right hon. Member for Gordon (Malcolm Bruce) has mentioned, because they are entitled to develop, as we have. However, they can develop in a clean way, and there is a role for the developed world in putting money into a clean technology fund. My last point, which my hon. Friend the Member for Wolverhampton, South-West (Rob Marris) will welcome, is that we need an adaptation fund to help the most vulnerable, poorest countries adapt to what is happening now.

The challenges are big and of great importance. I have great confidence in the leadership from our Government, but an awful lot of work must be done to build confidence with other countries. Part of that confidence building is leading by example. I, for one, am more than happy to sign up to the 10:10 campaign, because we can give individual leads by example as well as national and international ones. That is the important point that should come out of this debate.

5.56 pm

Mr. John Gummer (Suffolk, Coastal) (Con): I have shown that I support the Government when they do the right things in this area. I honour the right hon. Member for Kingston upon Hull, East (Mr. Prescott) who, from a standing start, worked extremely hard at Kyoto, where I was also part of the delegation, and gave a great reputation to Britain in those battles. I hope that he will therefore allow me to say that I am disappointed by the Government's actions in the run-up to Copenhagen, which, if they had been different, would have given our negotiators a much better position.

Mr. Heald: Will my right hon. Friend give way?

Mr. Gummer: I will continue, if I may.

The Climate Change Act 2008, rather than being a great Government triumph, was, first, forced on the Government, and, secondly, had to be constantly improved by the Opposition. I remember the battle on 80 per cent., and how long it took to win the Government round. Although I am pleased that the Government are on side, let us not take it as a great achievement. Let us look at how things have played out. Building Schools for the Future is still not right, because we still have to choose between green schools and schools that are big enough. As for recent changes, the new Ministry of Justice has installed hydrofluorocarbon air conditioning, and the same is true of the new Home Office. We know that HFCs are the most potent global warmer. We warned the Government, and they heard the warning. They said that they would act, but they did not do so. In every single case, we find the Government have not given the lead that they should. I do not want to go on about Heathrow, but how on earth can we go and fight such a battle at Copenhagen, when we have given the go-ahead to an utterly unnecessary and unacceptable extension to Heathrow?

I walked into my local prison—voluntarily, I am happy to say—and I was pleased to see on its energy notice that it has the lowest level possible, and if there were a lower one, it would have that. When I asked, however, I was told that there was no money for that. We are pouring out energy as a result of the fact that not even the smallest things are being done. Take the scrappage scheme—no other Government would produce a scrappage scheme that allowed people to scrap a car and buy the biggest gas guzzler they liked. Where is the connection there?

It is all very well for the Minister to utter soothing words, but let us consider the Obama statement about what the American Government would do. Some 38 per cent. of those measures contained a real green element, but where were we? Somewhere down in the low teens. Why were we not as good as the United States? Why were we not as good as Korea or even France? What was the Minister doing in allowing the Prime Minister to put forward something that put us at the bottom of the league?

Joan Ruddock: The fact is that United States started from a completely different point, because we had done so much already. It was low-hanging fruit, and a very different situation altogether.

Mr. Gummer: I must tell the hon. Lady that that is not true. If she goes through the measures put forward by the United States one by one, she will see that all of them could have been adopted with advantage here. If she had done that, we would have been at the top of the list rather than the bottom.

The Government amendment illustrates why the Minister does not carry conviction, and why the Government do not carry conviction. The amendment takes out anything that would cause the Government to do something and keeps in everything that would cause everybody else to do things. It reminds me of the beginning of "Wuthering Heights", which involves a man who is cleaning up outside going through the Bible in order to throw all the curses at other people and to keep all the promises to himself. That is exactly what the Government are doing. It is a case of "You get on with the job, but give me the credit." The situation strikes me as really serious.

I hate saying nice things about the Liberal Democrats, but if the Government had read the Liberal Democrat motion, they would have noticed that they could have included the House. We could meet the 10 per cent.

[Mr. Gummer]

target merely by having a cool Chamber. The Chamber is incredibly hot today. Why on earth have we allowed that to happen? We would all be better with the odd jumper in the winter and rather less heat.

The Government have put themselves in a position in which it is difficult to defend their activities at home, and thrilling to support their statements abroad. We are all proud of a Government who, with their consensus attitude, have been trying their best to promote these matters. I do not for a moment take that away from the Minister. I am merely saying that we cannot go on saying something abroad and not doing it at home.

Let me list five things that the Minister could do, in addition to changing her mind about the motion. First, the Government should commit themselves to not taking on any building of any kind that does not meet the highest energy rating. Secondly, they should commit themselves to ensuring that that applies to all quasi-governmental organisations. It would not be difficult; it is quite possible—we are only talking about new actions to be taken in the future.

Thirdly, the Government could stand up and say that they will ban HFCs. The Government voted with the "brown" people—the people in the European Union who did not want to ban them. They voted against Austria and Denmark. What were we doing supporting the dirty team rather than the clean team? Why were our Government voting on the wrong side?

Why do we have a climate change levy, which is only good because the name is good, and not a carbon tax? What kind of attitude is that? The right hon. Member for Kingston upon Hull, East, has left the Chamber now that I have given him his compliment, but I will give him the opposite now. He cannot defend a climate change levy that is a levy on energy and not on carbon. The Government should change that forthwith. There are five very simple things that they could do, but they are not even prepared to sign up to the 10:10 campaign.

The Minister has put me in a difficult position. I do not want to be directly unpleasant, but it is not possible to say that we cannot achieve the 10:10 target on the way to meeting our carbon budget. Let me explain why we have to do it. We have gone on for too long believing that if we say that something will be done by 2050, 2020 or 2015, it will all happen. We must show that it has to be done now, because the urgency is huge. If the Minister really thinks that this Government are so efficient, and these buildings are so energy-efficient, that they cannot manage a 10 per cent. decrease in one year, she is going against every bit of advice and anecdotal evidence. I do not know of a company worth its salt that has not seen that for economic reasons it has had to save 10 per cent. of its carbon footprint. Why do this Government not say, "This is nothing to do with greenery; this is just to do with trying to balance the books. In the next year, in this very difficult situation, we will do it"? The Minister must say that, and not simply say, "I don't know how we're going to do it. We may not be able to do it." She must stand up and say, "We'll do it," and then it will be done.

Several hon. Members *rose—*

Mr. Deputy Speaker: Order. May I just remind the House that from now on there will be a four-minute limit on speeches?

6.6 pm

Nigel Griffiths (Edinburgh, South) (Lab): I am not a Johnny-come-lately to the environmental cause, having joined Friends of the Earth shortly after it was formed and having campaigned with it throughout the course of three decades. I am particularly grateful to my hon. Friend the Minister and the Government for giving Friends of the Earth £30,000 to go around Europe to campaign to ensure that in Copenhagen we realise its goals, and our goals too.

I cannot support the motion because it comes from a party whose record when in power at local level, as well as when not in power, is absolutely woeful. To take just one example, trying to cut back on the use of cars through road pricing is a key environmental policy, but the Liberal Democrats are the party who opposed the extension here in London, and fought and campaigned against it being introduced in Manchester and my home town of Edinburgh, while all the time saying, "Of course, in principle we [illegible] support it."

Anne Main: Will the hon. Gentleman give way?

Nigel Griffiths: No, there is not time.

The Liberal Democrats are the party whose policy statements say it wants to see hundreds of new trains and a massive investment in rail, but in Edinburgh it could not find the £38 million last year that consultants recommended in order to reopen the south suburban line stations and to ensure that up to 1.4 million commuting passengers were taken off our roads.

The Liberal Democrats are also, of course, the party who, wherever there is a wind farm project, find a good reason to oppose it and—

Martin Horwood: Will the hon. Gentleman give way?

Nigel Griffiths: There is not time, I am afraid.

Martin Horwood: Will the hon. Gentleman give way?

Nigel Griffiths: There is not time in four minutes.

Martin Horwood *rose—*

Mr. Deputy Speaker: Order. When a Member says he is not going to give way and it is clear that he will not give way, it is simply a waste of time for the hon. Gentleman to persist.

Nigel Griffiths: Let me give the hon. Gentleman an example to put in his pipe and smoke. In the western isles, where the principled former Labour Member of Parliament Calum MacDonald supported the independent local council's bid to grant a wind farm, and where the Member of the Scottish Parliament, Alasdair Morrison, did the same, it was the hon. Gentleman's party, along with the Scottish National party and the Tories, who ran the campaign against the wind farms there, as they do elsewhere, and succeeded in removing these two people of principle. That, I am afraid, is rather typical.

I feel sorry for the Vestas workers in the Isle of Wight, but it is no secret that its Conservative council will not allow any wind farms to be put on the island. It is then very difficult for such workers to argue in the

interests of their manufacturing base if their own neighbours—their own council—will not support them when they try to lobby Government or anyone else.

I want to praise my hon. Friend the Minister and remind the House of the record of the £1 billion already spent—not promised, not mere words—on regeneration and renewables, of the £97 million spent on marine, and of the £31 million on photovoltaics. In my constituency, that has meant that the Napier university Collington complex library computers are now powered by photovoltaics, the development of which was paid for by the Government. There is also the DART project to recycle tyres, that Professor Nick Christof and his colleagues have pioneered with £100,000 from the Government. That is part of the £1 billion already invested. I am delighted to note that we are stepping up our investment. That will benefit the country. I urge the House to reject the motion.

6.10 pm

Andrew Stunell (Hazel Grove) (LD): I rise to support my hon. Friend the Member for North Southwark and Bermondsey (Simon Hughes) and this motion. Ever since I entered this House in 1997, I have had a deep interest in this issue and have tried to ensure that this House took it seriously. I served as my party's energy spokesman for about eight years, during which time I shadowed seven Labour Energy Ministers—I believe there were also five Conservative shadow Ministers, so consistency has not always been around in this area.

In 2004, I was fortunate to be top of the ballot and able to introduce the Sustainable and Secure Buildings Bill in this House. I wish to say to the House and to the Minister that there have been missed opportunities as a consequence of the Government not choosing to implement what was in that Bill, which allowed them to amend the building regulations to take account of the sustainability and efficiency of buildings. The Minister knows this very well, but I wish to remind her that buildings are responsible for more than 60 per cent. of this country's carbon emissions. If we are to make any serious effort to tackle the problem, we have to do something about buildings.

I also wish to remind the Minister that the Sustainable and Secure Buildings Act 2004, as the Bill became, has lain dormant for five years and that the Department for Communities and Local Government has a consultation document out on the next generation of building regulations that still does not include any reference to implementing that Act or making any of its provisions legally enforceable. I am not sure, because this has not been mentioned, whether any other Member in the House is aware that the Audit Commission today published a report entitled "Lofty ambitions", which makes the point that the single most important thing that the Government could do to reduce carbon emissions would be to increase the regulatory requirements in part L of the building regulations and commence an immediate programme to tackle the terribly poor standard of our building stock. Such an approach would reduce people's bills, reduce fuel poverty, increase the quality of life of the people living in these houses and help to save the planet.

I was terribly disappointed by the Minister's speech. The right hon. Member for Kingston upon Hull, East (Mr. Prescott) made one of the best speeches that I have heard him make—that is because he is a Back Bencher now. I have heard the Minister make many excellent speeches when she was on the Back Benches, but her contribution today was a terrible disappointment. When she comes to write her autobiography in 30 years' time, she will not have this as her proudest day in support of the environmental movement.

When are the Government going to improve part L of the building regulations? When are they going to take advantage of the 2004 Act, which this Minister supported, as did the Government at the time? When is it going to come into force? May I also ask her when we will have a spark of life on tackling the built environment? Oh, how I agree with the right hon. Member for Suffolk, Coastal (Mr. Gummer)—we are not building schools for the future; we are building schools just as we did in the past. We have to tackle the issue of public buildings, the built environment in the public sector and homes—the legislation is in place to do so. The Audit Commission wants her to do that, as does the Association of British Insurers. I could cite a tremendously long list here. This House wants her to do it, so for goodness' sake let us start tackling the problem of the building stock now.

6.14 pm

Barry Gardiner (Brent, North) (Lab): I will tell hon. Members how the Liberal Democrats in Brent sign up to the 10:10 campaign. Under the Labour party, Brent council was on track for a 20 per cent. reduction in its emissions by 2011. On Monday, the Liberal Democrats and their Tory partners in the administration signed up, with great fanfare, to the 10:10 campaign. At the next executive committee meeting they will take delivery of proposals, which they intend to support, that will reduce the figure from 20 per cent. to 6 per cent. by 2011. Under the Liberal and Tory policies at Brent council, the 20 per cent. reduction will not be reached until 2020.

I regret the tone of today's debate. Normally when we debate matters of climate change, we have a considered and measured debate that is consensual and, usually, good. The responsibility for the way in which this debate has gone is to be found in the nature of the Liberal Democrat motion. The Liberal Democrats know, we know and everybody in the House knows that it is tendentious. It was put forward, as my hon. Friend the Member for Regent's Park and Kensington, North (Ms Buck) said, as a gimmick, to try to bandwagon and to do something that the Liberal Democrats thought might be populist and might embarrass the Government. That is why the debate has taken the shape that it has.

The hon. Member for Bexhill and Battle (Gregory Barker) spoke, quite properly, about the discussions that he had had with the Chinese delegation this morning under the auspices of GLOBE and of the discussions that he had had with Congressman Wang. The hon. Gentleman also said—although it was when he departed from his script and got carried away—that that was why the Chinese did not take the Government seriously. Earlier this afternoon, as I was chairing the GLOBE discussions with Congressman Wang, I happened to note down what he said: "The UK is one of the few countries that has honoured their commitment and achieved their targets and I wish that all developed countries would learn from the UK in this respect." I am afraid that that knocks out of the water the remarks made by the hon. Gentleman.

Gregory Barker: What I actually said was that the Chinese Government set much more store by short-term action than by long-term targets, and that although I thought that it was not a case of either/or, I could certainly see their point.

Barry Gardiner: *Hansard* will show what the hon. Gentleman said.

I want to turn to the real point, which was mentioned by my right hon. Friend the Member for Kingston upon Hull, East (Mr. Prescott). It concerns gigatonnes. This weekend, I will be going to Copenhagen as part of the GLOBE delegation and we will present to the Danish Prime Minister, ahead of the negotiations in December, the proposals from a group of legislators across the globe on the issue. The key point is gigatonnes, as 17 gigatonnes of annual emissions reductions need to take place by 2020. The reduction of only 5 gigatonnes can take place in the developed countries at less than €60 per tonne. That means that although the problem has been created, as my right hon. Friend said, by the developed countries, they are not capable within their own boundaries of producing the gigatonnes of solutions that are required to mitigate this problem. The funding for that extra 12 gigatonnes of abatement must come from the developed countries and be put through to the developing nations so that they can sustain equitable growth and standards of living and so that they can rise out of poverty on a low-carbon trajectory. That is the critical issue.

At Copenhagen, although we must sign under a post-2012 protocol, the developed countries must sign up to lower emissions and commit ourselves to those emissions reductions. We must also, on top of that, bear down on the caps so that we can generate through offsets the amount of money that is needed to bring people out of poverty in the developing world.

6.19 pm

Tim Farron (Westmorland and Lonsdale) (LD): In supporting the motion, I shall restrict my comments exclusively to the Government's failure to demonstrate leadership over climate change when it comes to our food market and reducing food miles.

The world's population is set to increase by 50 per cent. over the next 40 years. Demand for food is set to double in that time, yet the Government have presided over a criminal reduction in this country's food production capacity. That matters, because the Government's target of an 80 per cent. reduction in carbon emissions—to which we all agreed—looks ludicrous when set against the ever-expanding emissions caused by the transportation of rapidly increasing amounts of food from overseas to our tables.

According to the Government's own figures, since 1997 the proportion of imported meat has increased by two thirds, the proportion of eggs that we have imported has tripled, and the proportion of vegetables that we import has risen by one third. In the last two years alone, the proportion of liquid milk that we import has increased by almost 60 per cent. If we are going to tackle climate change, we must ensure that we produce as much as possible of the food that we eat as close to home as we can.

To do that, we have to ensure that we produce more food, not less, with the help of a farming industry that is confident and not fearful about its future. That means that, if we are to reduce carbon emissions, we have to expand our capacity to produce food in the UK. It is one of the easiest things that the Government could do to tackle climate change, and there are thousands of innovative farmers around the country itching to take the lead.

The reduction in capacity is happening because the Government will not tackle seriously the power of supermarkets, which place no environmental standards on their procurement policies and will not act to ensure fair trade for our farmers so that they stay in business. As we have heard, the public sector spends about £2 billion a year on food procurement for Government Departments, schools, prisons and hospitals. The NHS is the largest food purchaser in the country, spending nearly a quarter of the total public sector food budget, yet 75 per cent. of the meat and fish used in our hospitals is imported from abroad.

Another dreadful consequence of the importation of meat products is the destruction of the rain forest. Every 10 minutes, an area the size of 200 football pitches is chopped down in the Amazon rain forest, all to provide pasture land for cattle or to make way for soy plantations to provide feed for them. We could—and should—produce both in this country, slashing food miles and ensuring the preservation of the crucial carbon sink that is the rain forest.

Lynne Jones: Is the hon. Gentleman going to mention the increased emissions as a result of our huge food waste? That is far more significant than food miles for our CO_2 emissions.

Tim Farron: The hon. Lady has read my mind, as I was about to mention that. About one in three of the bags of food that we purchase at the supermarket or wherever is effectively dumped. We wasted £10 billion worth of food in the last year, which is the equivalent of throwing away every third bag. The contribution to harmful emissions from landfill and emissions associated with wasted production is immense. There has been no leadership on tackling that from the Government: they have not attempted to address the wasteful, buy-one-get-one-free culture or, for example, the unbelievably fussy and excessive guidance on sell-by dates. Cutting out that waste would reduce greenhouse gases, as the hon. Member for Birmingham, Selly Oak (Lynne Jones) suggests, by the equivalent of taking one in every five cars off the road.

The Government have also failed dismally when it comes to making sustainable use of food waste. Why are we not transforming organic waste into green energy? In Germany, there are 25,000 anaerobic digesters, but there are only 38 in the UK. I hope that the 39th digester will be opened soon in Casterton in my constituency, but that will be the result of work done by the local community, and despite the Government.

In conclusion, nearly everyone—apart from one or two of the Tories' mates—now accepts that climate change is real and the result of human activity. However, if that is the case, it can be reversed by human activity as well, with "activity" being the important word. It is important that the Government act. They need to do the simple things as well as the difficult things, because these are what will make the difference in this crucial fight. The good news is that some of the simplest things that the Government could do to tackle climate change are to be found in the food market.

6.24 pm

Mr. Michael Meacher (Oldham, West and Royton) (Lab): The Liberal Democrat motion deals with climate change leadership, but I think that by any standards the Government's record in this area is pretty good. The UK is the first country in the world to set up rolling carbon budgets, and to have set a carbon emission reduction target of 80 per cent. by 2050. The Government are the first to have set up a prestigious and independent Climate Change Committee to advise them, and they also included aviation and shipping in the Climate Change Act 2008 and introduced feed-in tariffs. So far, so good.

Of course there are still problems, as there are in every country in the world. We should acknowledge those problems. Yes, we have not done anything like enough in carbon emissions reductions to meet the 60 per cent. target, let alone an 80 per cent. target. We have committed ourselves to trebling airport capacity by 2050, which would have the opposite effect. It would neutralise most, if not all, of the carbon reductions in virtually every other sector.

The commitment to building the first coal-fired power station at Kingsnorth in Kent is not very wise, when carbon capture and storage is highly unlikely to be available commercially for at least 15 years. On this island with enormous renewables capacity, we have a great deal more to do, as we still generate only 4 per cent. of electricity from renewables, compared to 10 to 25 per cent. in the other big European countries and 30 to 50 per cent. in Scandinavia.

I shall mention briefly three other areas for the forthcoming Copenhagen summit, where I believe it is necessary to make significant further advance and, above all, to get the developing countries on side. Without that, we will make no progress at all. First, substantially slowing the rate of deforestation worldwide, which is causing something like 20 per cent. of global emissions, should be a major objective of the Copenhagen negotiations—not by giving enormous sums of money to the major countries involved, because all that money would certainly be filtered off into the pockets of corrupt officials, but by tough international action against illegal logging corporations, which should be held to account and prosecuted in the courts of the metropolitan countries.

Secondly, we should champion a drive towards a worldwide carbon tax and show that we mean it by looking to introduce it ourselves, to be fiscally neutral by corresponding offsetting on VAT. That could do more than any other single measure to green the international economy and to arrest the spread of climate catastrophe.

Thirdly, we should reverse the current policy on carbon offsetting, which is allowing 50 per cent. and perhaps as much as 70 per cent. of carbon credits to be purchased from abroad, which is a sort of "get out of jail free" card and removes the pressure for major qualitative change within the UK. It is flawed by the additionality problem, but more particularly, the big countries—China, India, Brazil, South Africa, Indonesia and Mexico—will co-operate only if they see that we who, in their view, caused the problem are taking sufficient action. If they think we are simply buying our way out abroad while doing too little at home, they will not co-operate. Then the global problem will be insoluble.

The Government's record on combating climate change is not perfect, but it is arguably the best of any country in the world. I am pleased and proud to support them in the Lobby tonight.

6.27 pm

Chloe Smith (Norwich, North) (Con): I thank the Deputy Speaker for giving me the chance to speak, and I thank the Liberal Democrats for initiating the debate. I echo the sentiments of the hon. Member for Hazel Grove (Andrew Stunell): everybody wants to tackle climate change. The question is how we do that. I shall limit my comments to that being a matter of trust—the plans that the Government have for being trusted to deliver a response.

I applaud voluntary action and fully support the 10:10 campaign. I am proud to have been able to answer many of my constituents already by saying that I fully support their campaign to have us support that. But we know that Government action is also necessary. Combating climate change is not something that individuals can do on their own. I welcome the bipartisan and tripartisan approach in the House today, and the commitment of so many Members to action on climate change, and I welcome the previous achievements of the House in passing the Climate Change Act 2008 to contribute towards what we all know we need to do.

The Government's current plan lasts for 10 years and requires buy-in. That is what we must ensure by contributing a little towards that today in the debate. We may require a general election for a full mandate for such a plan, but before that moment comes next year, which I am sure we will all welcome, we must take the opportunity for international action. Many hon. Members around the House have commented on what must be achieved at Copenhagen later this year.

I come back to the domestic aspect. I shall speak about it as a matter of trust, and about what people look to us in the House to do. I hope I am not being too cheeky in suggesting that as the most recent Member to enter the House, I may bring with me a view from outside. That is to say that any Government action will require clear measurement, and the Government will have to go through a whole sequence: understanding the problem; diagnosing action that is possible; selecting the tools that we can use to go about those actions; setting targets; empowering people to meet those targets; and grasping the incentives available to help people to do that. I return to the value of the 10:10 campaign as a voluntary tool; it enables people to say, "We can do this, we want to do this, we want to be held to account, and we want the Government to join us."

The Government plan must then be trackable and measurable. I welcome the recent publication of the Turner report, saying that the Government must be held to account for their actions. It says, too, that in the coming months measurement will be harder, because of distortions due to the level of economic activity, or lack thereof. Against that backdrop, we must make doubly sure that the Government—of any colour—can be trusted to do what we all want them to do.

We cannot drop any part of the cycle that I have just outlined. People must be able to trust that the Government's plan will do all those things, and observe the Government doing all those things, so that individuals know that

[Chloe Smith]

they are getting what they have signed up to—what they have put their necks on the line for, and said they will do.

Only last Friday, I had the pleasure of visiting in my constituency a school—not a Building Schools for the Future school, but a local academy—with a wonderful new building that serves as a teaching tool for the children on energy efficiency. That is the kind of measure that we need to help people to trust that things can be done and to learn how things can be done.

Finally, I draw the House's attention to the question of how this Government will gain the mandate for their 10-year plan. If they do not, we must seriously question the measure.

6.31 pm

Alan Simpson (Nottingham, South) (Lab): I fully endorse the 10:10 campaign and proposals, and I hope that the House will fully endorse them and sign up to them tonight. The Government are right that we need more than a one-year strategy, because we have to have a strategy that takes us through to 2020, but the most important part of the imperative in signing up to the campaign has not come from any argument in this House; it came in September from Rajendra Pachauri, the head of the Intergovernmental Panel on Climate Change. He gave us all the starkest warning—the shot across the bows—when he said that it would not be enough for the world to aim to restrict carbon emissions to 450 ppm.

If we wish to keep climate change to within a 2° C rise this century, the practical limit will have to be 350 ppm. We are already at 385 ppm and the question is: how do we row back from that? The starting point is now. Rajendra Pachauri urged on us the point that what we do in the next three years will determine the shape of so much that follows. I am therefore happy to sign up to the belief that we need to set a 10 per cent. target for the coming year, and probably for the year after and the year after that—for at least the five years that follow. It is not a question of what the political will acquiesies to; it is an acknowledgement that the world will not wait. The two most important parts of the motion before us, on which I shall focus, are first, the significance of the built environment, and secondly, the mechanisms that will drive us into a renewable energy future.

The point has already been made that the built environment contributes 60 per cent. of our carbon emissions. If we were to set the targets that would meet our legally binding obligation to eradicate fuel poverty in Britain by 2016, we would have to set a standard assessment procedure rating for housing of 81, and establish a building renewal programme of about £4 billion a year between now and 2016. It is a lot of money, but we could save that amount in respect of many speculative schemes that cost the Government, the taxpayer and the bill payer far more.

If we were to do that, what we would achieve? The figures that have been provided to the House are staggering. If we were to set up that programme, we would take 81 per cent. of the fuel poor out of poverty by 2015. In doing so, we would reduce the terawatt hours of energy consumption by 48.1 TWh. That would mean a percentage reduction in energy consumption of 56 per cent. and a reduction in carbon emissions of 59 per cent. People talk about the 10 per cent. commitment at a personal level; this is 10 per cent. at a collective level. At the same time as saving carbon and saving the planet, it would take the poor out of fuel poverty—an adaptation measure that saved lives.

Lynne Jones: Given that huge numbers of the public use public buildings and that behavioural change could take place, does my hon. Friend agree that if it is not practicable for the Government to achieve a 10 per cent. reduction in the next year or so, it is not practicable to achieve our other targets?

Alan Simpson: I do not believe that it is impossible for the Government to achieve that 10 per cent. reduction. One of the ways in which they could deliver on it is by not only accelerating the introduction of the feed-in tariff regime that they propose, but changing the framework from one that works back from a minimalist, fairly measly assumption that we can deliver only 2 per cent. of our energy by 2020 from renewable tariffs to one with a target of 10 per cent., 15 per cent. or even almost 20 per cent.

For those who say that that is too much, let me refer to a conversation that I had with colleagues in Germany this morning about their proposals for delivering 100 per cent. of renewable energy for their economy by 2050. I said, "Look, isn't that a bit ambitious?" One of them said, "Well it might be, but let me ask if you are aware that last weekend 90 per cent. of Germany's energy came from wind and solar?" It presented a bit of a problem on Monday when the rest of the energy-generating systems had to kick back in, but that is an interfacing issue about a transformation into a very different future.

The difficulty for the UK is that we have set a threshold of ambition that will deliver the failure that it is designed to deliver. What we lack is the ambition to drive the transformation. We can start to achieve it by signing up to the 10:10 commitment and raising the level of feed-in tariffs to make a meaningful difference. Then we can save the generations who follow us.

6.37 pm

Mr. David Heath (Somerton and Frome) (LD): It is a delight to hear the hon. Member for Nottingham, South (Alan Simpson) talk about fuel poverty in such impassioned terms. That is precisely the issue that I tried to address through the Fuel Poverty Bill which I presented to Parliament and which, shamefully, this Government and this Minister finally killed off last Friday.

As I walk around the parts of my constituency that are below sea level and see the houses that are flooded each year, and as I look at the one-in-25-year and one-in-50-year events that are now happening regularly, the scientist in me says, "You cannot extrapolate from the particular to the general," but my heart tells me that something is going badly wrong. That is what is causing so many people in this country to recognise at long last that there is an urgency to this—that it is something that we cannot wait any longer to deal with.

That is why the 10:10 campaign is so important, and why it is so disappointing to hear the Government, yet again, using all the excuses in the book to say that they will not do something positive about it instead of saying, "This is something that we want to embrace—it's consistent with our principles and what we say we're going to do about public buildings, so yes, we will make it happen."

I agree with the right hon. Member for Suffolk, Coastal (Mr. Gummer), who made a superb speech in support of the contention that if the Government cannot achieve the 10:10 objectives, they cannot achieve the other objectives that lie in the future.

It is deplorable that the Government, by virtue of deleting the reference in our motion, are not allowing Parliament itself to sign up to 10:10, given that there is hardly a Member in this House who does not believe that the Commission could do the necessary work if it put its mind to it, and that we should instruct it to do so. I hope that Labour Back Benchers will be prepared to take a risk tonight and come into the Lobby with us to insist that that should be the case.

Lynne Jones: Will the hon. Gentleman give way?

Mr. Heath: I have only one minute left.

What we have done in this House is considerable, and the Government should take credit for the good things that they have achieved, such as the Climate Change Act. They arrived at it by dint of pressure from all parts of the House, but it is of value. They rejected feed-in tariffs for a long time but eventually accepted them—although I agree that the design of them is deplorable. They are groping towards an energy policy, but there is no coherence to it.

I look at all those things and think that we have an opportunity to arrive at consensus. We are lucky compared with America, where there are divergent views. We generally have a consensus in this country, not just between the political parties but with big business. We have a huge opportunity, and we can do so much more if we shut off the poverty of aspiration that still bedevils us and grasp the fact that doing the right thing is not only right environmentally but right economically. The hon. Member for Nottingham, South made that point. So many of the measures that we can take make economic sense, particularly in a recession when we are trying to save money. We can save the environment while saving money and creating jobs, and that should be the aspiration of this House.

6.41 pm

Linda Gilroy (Plymouth, Sutton) (Lab/Co-op): Like my hon. Friend the Member for Brent, North (Barry Gardiner), I regret the tone of the debate. As has been amply shown, there is plenty of leadership at national level. I wish to talk about how that translates through to regional and local leadership.

In Exeter we have the green jewel in the south-west's crown, the Met Office, which the Conservatives' defence spokesman recently seemed to think it would be a good idea to sell off at this critical time. Our regional leadership has come from the former and current regional Ministers, my right hon. Friends the Members for Exeter (Mr. Bradshaw) and for South Dorset (Jim Knight), working alongside the South West of England Regional Development Agency. The Conservatives would abolish the RDAs, but that leadership has ensured that there are key priorities in our region on resource efficiency, renewable energy, waste management, climate change adaptation and low-carbon technologies.

That has led to the region being the first to be given low-carbon economic area status as part of the Government's low-carbon industrial strategy. That designation involves £30 million for the wave hub energy demonstrator off Cornwall and £15 million for the peninsula institute for marine renewable energy, which is a joint project of Exeter and Plymouth universities. Those projects will make major contributions to the national targets on which we have to deliver, and they are an important illustration of how we need to continue to invest at a strategic level. That investment will take time to deliver.

Locally, people in Plymouth are doing their bit. Not surprisingly in a constituency with 450 marine scientists and 1,500 environmental students, the university is top-performing in environment and sustainability, as rated by People and Planet in its green energy league table. There are businesses such as the Caribbean Car Wash, which has set a benchmark for high-quality eco-friendly car washing by reducing to half a litre the amount of water necessary to clean and valet a car.

I regret that our Tory council has not signed up to the 10:10 agreement and that its leader set a bad example by objecting to a school's planning application for two small wind turbines and then employing a consultant when the school appealed. I regret the daft proposals to sell the green jewel in our city's crown, a successful bus company that is one of the few in the country to have added passengers in recent years.

The 10:10 campaign is excellent, but no one should use it to talk down what we are achieving and our position of international leadership. Practicality is everything, and as my hon. Friend the Minister said in her opening remarks, some Departments have already taken the low-hanging fruit. Carbon budgets, mocked from the Tory Benches, will build on that success.

There are those who are still sceptical, although perhaps none of them are present in the House today. It took only one small mistake to detract from Al Gore's brilliant film "An Inconvenient Truth". The Government have to act responsibly, especially on matters in which they have already gathered in some of the low-hanging fruit.

6.44 pm

Martin Horwood (Cheltenham) (LD): Copenhagen is our last best chance to avoid catastrophe. For 30 years we have known about man-made climate change and I am deeply proud that the Liberal party, all those years ago, was the first British political party to address it. Since then, the science has become clearer and more worrying. There is now a clear global consensus among scientists that climate change is man-made but still preventable by human action—just.

The economics have also become clearer. The sooner and more urgently we act, the less risk of an economic collapse that will make the current recession look like a vicarage tea party. The Stern report spelled that out very clearly. It concluded that an atmospheric concentration of about 550 parts per million CO_2 was perhaps adequate as a stabilisation target. It is now pretty clear that that was much too high.

We now know that about 2° C of global warming is all but inevitable, and that there is a significant risk of 4°, 5° or 6° C unless we have a concerted international deal. That would mean catastrophic disruption of food production, irreversible collapse of ice sheets and rain forests, huge areas of the planet rendered uninhabitable and mass displacement of people. With my background in Oxfam, I know what unimaginable human misery that would mean.

[Martin Horwood]

As environmental shocks mount, more and more nations realise that a global deal is in their interests. China and India now clearly understand that. They have many of the poorest people in the world, who will be the hardest hit by global warming. They have taken a lead on many issues, including renewable energy and reforestation, in their own countries.

We all agree that Britain also needs to take a lead; Parliament needs to take a lead. I pay tribute to the House of Commons Commission and the Parliamentary Estates management, which are making efforts. Only this week, they met myself and some of my constituents to attempt to find a solution to the large numbers of high-energy candle lights that proliferate on the estate, which take enormous numbers of people to replace all the time.

Hugh Bayley: I shall ask a question that I asked of Conservative Members. Earlier this week, the Commission decided that it would not sign up to the 10:10 commitment. The hon. Member for North Devon (Nick Harvey), who speaks for the Commission in the House, is a Liberal Democrat. Did he support the Commission's view?

Martin Horwood: I was giving credit to the Commission for the work that it has done, but I am afraid that on the 10:10 campaign the Chamber must trump the Commission. This is where we decide on Parliament's ambitions.

I also give credit where it is due to the Government. It is fair to say that they have shown leadership in helping to put climate change on the international agenda and introduced the world's first climate change Act, although they were dragged somewhat reluctantly to the target of 80 per cent. However, it was supported by the Government in the end, which is good. They have also shown a commitment to renewable energy and carbon capture and storage, although they showed similar reluctance on feed-in tariffs and left something of a giant loophole in the CCS policy.

However, the Government must also accept that there are some worrying signs of complacency and lack of urgency. As the right hon. Member for Suffolk, Coastal (Mr. Gummer) pointed out, it does not really compute that the Government can give the go-ahead to the third runway at Heathrow based on flawed calculations of the future cost of climate change while trying to maintain an international position as strong as that of President Obama. The right hon. Gentleman was spot on when he spoke of how much greener most of the stimulus packages around the world are than our own.

There is a constant recitation that we have been on target for Kyoto when, as the hon. Member for Bexhill and Battle (Gregory Barker) pointed out, that target was met long ago by the dash for gas. Actually, if the target is met, it will be partly because of the recession—*[Interruption.]* I am sorry, but it is true.

The Government are at risk of being seen to ask everybody else to act, but not to act themselves. They have an energy bill of some £4 billion and massive buying power. The public sector has the chance to shape entire markets, and how British industry and the private sector respond to the challenge of climate change. It is very worrying that the Minister who opened the debate, I hope in a lapse, described the 10:10 campaign as a gesture—*[Interruption.]* Those were her very words. It is also worrying that she cast doubt on the Government's ability to sign up to 10:10 despite the fact that her Department has done so. Look at the list of organisations that have had that ambition and signed up to 10:10. It includes the Environment Agency; Newcastle, Liverpool, Edinburgh and Bristol universities; 52 local councils responsible for 8.8 million people, including most recently, I am proud to say, Bristol city council; more than 150 schools; 40 NHS trusts; B&Q; Aviva; Microsoft; Atkins Global; and the Royal Mail—the latter does not get everything right, but it has signed up to the 10:10 campaign. It is a fantastic campaign that has finally captured the real sense of urgency that is needed to put us on almost a war footing—that psychology that we must act soon to avert catastrophe.

We have had one or two regrettably partisan and bad-tempered speeches. The hon. Member for Edinburgh, South (Nigel Griffiths) claimed that the Liberal Democrats opposed wind power at local level. I can tell him about York, Leeds, Ipswich, Lewes, Cheltenham, Birmingham, Islington, West Berkshire, Devon, Vale of White Horse and Cornwall—I do not have time to finish the list. However, we have mostly heard real passion and wide support on both sides of the House. Many of the contributions have shown why the 10:10 campaign has captured the public imagination.

I am proud to have followed my hon. Friend the Member for North Southwark and Bermondsey (Simon Hughes), who has shown leadership on environmental issues for a few decades—I will not embarrass him by saying how many—and helped to make the Liberal Democrats such a green party.

To the Conservative Front Bench, I say that I forgive their nuclear peccadilloes and some of the people with whom they keep company in Europe on climate change, and the occasional Back-Bench outburst on wind power, and pay tribute to the hon. Member for Bexhill and Battle on his articulate defence of the 10:10 campaign. He rightly pointed out that there is no conflict between carbon budgets of the kind supported in the Climate Change Act 2008 and the 10:10 campaign commitment. In fact, I would go further and say that committing to 10:10 will make those carbon budgets easier and cheaper to achieve for the British economy.

I also give credit to the hon. Member for Nottingham, South (Alan Simpson) and all those Labour Back Benchers who have signed up to the 10:10 campaign. I hope that they are prepared, just this once, to defy the party Whips and do the right thing for this country, for the planet and the environment.

I make a final appeal to the Minister. She has a proud record as a political campaigner. Many members of my party have followed her on marches in the past and listened to her defiance of the establishment. Her Secretary of State has asked for a popular mobilisation to help to push through action on climate change. Well, we have got that. It is called the 10:10 campaign and tonight is the night when we can take a decision as a Parliament to support it. The Minister has signed her Department up to it and she says that Departments are working hard to improve their admittedly miserable record to date. It is therefore a mystery why she will not allow her colleagues to commit the whole Government—or at least this Parliament—to the 10:10 campaign. This is our chance to send the clearest possible signal to campaigners

across the country and Copenhagen negotiators across the world that we are committed to urgent action. The truth is that the Minister probably does support this campaign and it is the establishment in the Treasury, No. 10 or Lord Mandelson's Department who have got to her. This is the moment when she should join hon. Members on both sides of the House, rediscover her radical roots, be brave, ambitious and bold, and believe that together we can do more than we think we can—and support this motion.

6.53 pm

The Parliamentary Under-Secretary of State for Energy and Climate Change (Mr. David Kidney): We have had 17 excellent speeches. Although the tone of the debate has been sparky, as a couple of hon. Members have commented, that edge has illuminated the issues before us. I noted that when the hon. Member for North Southwark and Bermondsey (Simon Hughes) opened the debate, he said that he would applaud the Government for the things that we have done well, and he did so in his speech. However, we did not fail to notice that no credit is given in the motion for anything good that the Government have done, and I regret that.

I have signed up to the 10:10 campaign. In fact, that benefited me in this debate, because I first heard that it would take place today in a text message from the campaign. The campaign is valuable for the reasons that many hon. Members mentioned in the debate: it is a bottom-up campaign that draws people in, persuades people to take action and is voluntary. I wish that I had only a fraction of its skill in communications. Only a couple of weeks ago, I launched the carbon reduction commitment energy efficiency saving scheme. That massive cap-and-trade scheme, which starts next year and covers every Department, most of local government and most of the local bodies referred to tonight, did not get a patch of the coverage that the 10:10 campaign has received already. It is remarkable that decision makers in the House during this debate gave no recognition of the fact that, starting next year, the CRC will begin to reduce emissions across the entire public sector.

Some people say that to start now we have to sign up to 10:10 across the entire sector. Have people such short memories? This year, the House passed the carbon budgets, which we have already started to implement and which will put us on a trajectory to get us to the 34 per cent. reduction in our emissions that we need to reach by 2020.

The Government's record to date is fine. I accept what the Committee on Climate Change said about the need for a faster rate of improvement in the years up to 2020, and that is what our plans intend to achieve, but please do not ask us to dislocate the plans made to 2020 that start now and involve the efficient allocation of resources. Please do not ask us to sign up to something different now, instead of the things that we are doing already.

Nia Griffith (Llanelli) (Lab): Will my hon. Friend give way?

Mr. Kidney: I have time for one intervention.

Nia Griffith: Does my hon. Friend agree that, while the Liberal Democrat motion makes no mention of costings, the Government amendment confirms a commitment to spending up to £20 million to help Departments reduce their emissions? Is that not a very good reason to vote for the amendment?

Mr. Kidney: I confirm what my hon. Friend says. This country already has a good track record on energy efficiency, and I agree, that energy efficiency is an important part of the entire package that will reduce our need to consume energy.

Just today, we started on the next stage of our energy efficiency policy for domestic properties with the first of the community energy saving programme schemes—going house by house, street by street. That is the kind of approach for which many hon. Members have argued.

In our transition plan, which has been welcomed around the country and around the world, we say that we need to move to a low-carbon transformation involving the trinity of renewables, nuclear power and clean fossil fuels. It is a shame that we cannot persuade the Conservative party to support wind power in this country to its full capacity. According to a Greenpeace report, councils controlled by Conservatives are turning down and holding up onshore planning applications around the country. Also, according to the *Financial Times* today, the shadow Business Secretary said that the Tory policy is that no permission be given for onshore wind, even though it, along with offshore wind, on which we are No. 1 in the world, powered 2 million homes last year.

Unfortunately, I do not have a lot of speaking time left, but I want to confirm one important aspect of the transformation to 2020: our passionate intention that it be a just transition from which all our citizens benefit, and that no one be left behind. I want Members' suggestions for how we can ensure that the kind of things that we will introduce, such as green mortgages, the pay-as-you-save scheme, the feed-in tariffs next year, the renewable heat incentive the year after and the smart meters roll-out, benefit every citizen, including the worst off in this country—

David Howarth (Cambridge) (LD) *claimed to move the closure (Standing Order No. 36).*

Question put forthwith, That the Question be now put.

Question agreed to.

Question put accordingly (Standing Order No. 31(2)), That the original words stand part of the Question.

The House divided: Ayes 226, Noes 297.

Division No. 229] **[6.59 pm**

AYES

Afriyie, Adam	Boswell, Mr. Tim
Ainsworth, Mr. Peter	Brady, Mr. Graham
Alexander, Danny	Brake, Tom
Amess, Mr. David	Brazier, Mr. Julian
Ancram, rh Mr. Michael	Breed, Mr. Colin
Atkinson, Mr. Peter	Brooke, Annette
Bacon, Mr. Richard	Browne, Mr. Jeremy
Baldry, Tony	Browning, Angela
Barker, Gregory	Bruce, rh Malcolm
Baron, Mr. John	Burns, Mr. Simon
Barrett, John	Burstow, Mr. Paul
Beith, rh Sir Alan	Burt, Alistair
Bellingham, Mr. Henry	Burt, Lorely
Benyon, Mr. Richard	Butterfill, Sir John
Beresford, Sir Paul	Cable, Dr. Vincent
Binley, Mr. Brian	Campbell, Mr. Gregory
Blunt, Mr. Crispin	Campbell, rh Sir Menzies
Bone, Mr. Peter	Carmichael, Mr. Alistair

Cash, Mr. William
Challen, Colin
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clegg, rh Mr. Nick
Clifton-Brown, Mr. Geoffrey
Corbyn, Jeremy
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davis, rh David
Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Dorrell, rh Mr. Stephen
Dorries, Nadine
Drew, Mr. David
Duddridge, James
Dunne, Mr. Philip
Durkan, Mark
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Francois, Mr. Mark
Fraser, Christopher
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gerrard, Mr. Neil
Gibb, Mr. Nick
Gidley, Sandra
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Greening, Justine
Gummer, rh Mr. John
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hoey, Kate
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Hopkins, Kelvin
Horam, Mr. John
Horwood, Martin
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Howell, John
Hughes, Simon
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Jenkin, Mr. Bernard
Jones, Mr. David
Jones, Lynne
Kawczynski, Daniel
Keetch, Mr. Paul
Kennedy, rh Mr. Charles
Key, Robert
Kirkbride, Miss Julie
Kramer, Susan
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Laws, Mr. David
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Llwyd, Mr. Elfyn
Luff, Peter
Mackay, rh Mr. Andrew
MacNeil, Mr. Angus
Main, Anne
Malins, Mr. Humfrey
Mason, John
May, rh Mrs. Theresa
McDonnell, John
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
Oaten, Mr. Mark
Öpik, Lembit
Ottaway, Richard
Paice, Mr. James
Palmer, Dr. Nick
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Price, Adam
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Robinson, Mrs. Iris
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Simmonds, Mark
Simpson, Alan
Simpson, Mr. Keith
Smith, Chloe
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, David
Taylor, Mr. Ian
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Timpson, Mr. Edward
Tredinnick, David
Truswell, Mr. Paul
Turner, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Sir Peter
Villiers, Mrs. Theresa
Wareing, Mr. Robert N.
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Wiggin, Bill
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Wright, Jeremy
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Dan Rogerson and John Hemming

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, rh Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Cousins, Jim
Crausby, Mr. David
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Darling, rh Mr. Alistair
Davidson, Mr. Ian
Dean, Mrs. Janet
Denham, rh Mr. John
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Eagle, Angela
Eagle, Maria
Efford, Clive
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Farrelly, Paul

Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, rh Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Mr. Kevan
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Khan, rh Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, rh Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, rh Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wic[illegible]rh Malcolm
Williams, rh Mr. Alan
Wills, rh Mr. Michael
Wilson, Phil
Wilson, Sammy
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Helen Jones and Mary Creagh

Question accordingly negatived.

Question put forthwith (Standing Order No. 31(2)).
That the proposed words be there added.

Question agreed to.

The Deputy Speaker declared the main Question, as amended, to be agreed to (Standing Order No. 31(2)).

Resolved,

That this House welcomes the 10:10 campaign as a motivator of public action to cut carbon dioxide emissions through individual and collective behaviour change; recognises the value of such campaigns to build public support for action by governments to agree an ambitious, effective and fair deal at Copenhagen; further recognises the significant effort made by individuals and organisations to cut their emissions through the 10:10 campaign; supports the Climate Change Act introduced by this Government, the first such legislation in the world, and the system of carbon budgets that enables Britain to set itself on a low carbon pathway; notes that carbon budgets ensure active policies by Whitehall departments and the public sector that deliver long-term sustained emissions reductions not just in 2010 but through to 2022 and beyond; further supports the efforts of local councils to move towards local carbon budgets by signing up to the 10:10 campaign; further welcomes the allocation of up to £20 million for central Government departments to enable them to reduce further and faster carbon dioxide emissions from their operations, estate and transport; and further welcomes the cross-cutting Public Value Programme review of the low carbon potential of the public sector, which will focus on how the sector can achieve transformational financial savings through value-for-money carbon reductions.

Business without Debate

BUSINESS OF THE HOUSE

Motion made, and Question put forthwith (Standing Order No. 15),

That, at this day's sitting, the Second Reading of the Perpetuities and Accumulations Bill [*Lords*] may be proceeded with, though opposed, until any hour.—*(Mr. Blizzard.)*

Question agreed to.

PERPETUITIES AND ACCUMULATIONS BILL [*LORDS*]

Motion made, and Question put forthwith (Standing Orders Nos. 59(3) and 90(5)), That the Bill be now read a Second Time.

Question agreed to.

Bill accordingly read a Second time; to stand committed to a Public Bill Committee (Standing Order No. 63).

DELEGATED LEGISLATION

Mr. Deputy Speaker: With the leave of the House, we shall take motions 4 to 8 together.

Motion made, and Question put forthwith (Standing Order No. 118(6)),

International Development

That the draft Caribbean Development Bank (Seventh Replenishment of the Unified Special Development Fund) Order 2009, which was laid before this House on 17 June, be approved.

Statistics Board

That the draft Statistics and Registration Service Act 2007 (Disclosure of Higher Education Student Information) Regulations 2009, which were laid before this House on 17 June, be approved.

Trade Union and Labour Relations

That the draft ACAS Code of Practice: Time Off for Trade Union Duties and Activities, which was laid before this House on 24 June, be approved.

Criminal Law

That the draft Crime and Disorder Act 1998 (Youth Conditional Cautions: Code of Practice) Order 2009, which was laid before this House on 8 July, be approved.

That the draft Criminal Justice Act 2003 (Conditional Cautions: Code of Practice) Order 2009, which was laid before this House on 8 July, be approved.—*(Mr. Blizzard.)*

Question agreed to.

Mr. Deputy Speaker: Again, with the leave of the House, we shall put motions 9 to 11 together.

Ordered,

That the Family Proceedings Fees (Amendment) Order 2009 (S.I., 2009, No. 1499), dated 10 June 2009, be referred to a Delegated Legislation Committee.

That the Civil Proceedings Fees (Amendment) Order 2009 (S.I., 2009, No. 1498), dated 10 June 2009, be referred to a Delegated Legislation Committee.

That the Magistrates' Courts Fees (Amendment) Order 2009 (S.I., 2009, No. 1496), dated 10 June 2009, be referred to a Delegated Legislation Committee.—*(Mr. Blizzard.)*

BUSINESS OF THE HOUSE

Ordered,

That, at the sitting on Tuesday 27 October, paragraph (2) of Standing Order No. 31 (Questions on amendments) shall apply to the Motion in the name of Mr Peter Robinson as if the day were an Opposition Day; proceedings on the Motion may continue for three hours or until Ten o'clock, whichever is the earlier, and shall then lapse if not previously disposed of; and Standing Order No. 41A (Deferred divisions) shall not apply.—*(Mr. Blizzard.)*

COMMITTEES

Reform of the House of Commons

Ordered,

That Sir George Young be discharged from the Select Committee on Reform of the House of Commons and Mr Peter Atkinson be added.—*(Mr. Blizzard.)*

West Midlands

Motion made,

That Dr Richard Taylor be a member of the West Midlands Regional Select Committee.—*(Mr. Blizzard.)*

Hon. Members: Object.

Yorkshire and the Humber

Motion made,

That Mary Creagh be discharged from the Yorkshire and the Humber Regional Select Committee and Mr Austin Mitchell be added.—*(Mr. Blizzard.)*

Hon. Members: Object.

South West

Motion made,

That Linda Gilroy be discharged from the South West Regional Select Committee and Roger Berry be added.—*(Mr. Blizzard.)*

Hon. Members: Object.

PETITION

Gaza

7.15 pm

David Lepper (Brighton, Pavilion) (Lab/Co-op): I present a petition—*[Interruption.]*

Mr. Deputy Speaker: Order. An important petition is being presented. If hon. Members are leaving, will they please do so quickly and quietly?

David Lepper: I present a petition on behalf of residents of Brighton and others. It is signed by Brenda Brown and 141 other residents of the Brighton area.

The petition states:

The Petition of residents of Brighton and others,

Declares that the Government should fulfil its responsibilities as a high contracting party to the 4th Geneva Convention.

The Petitioners therefore request that the House of Commons urges the Government to immediately take steps to institute a war crimes investigation in the UK into Israeli attacks on the Gaza Strip between 27 December and 18 January 2009 and for the UK prosecuting authorities to search out and prosecute (or extradite for trial elsewhere) all suspected war criminals identified by the investigation; and urges the Government to seek a binding resolution at the UN Security Council to establish an international commission of inquiry into the Gaza attacks and the referral of potential cases to the International Criminal Court.

And the Petitioners remain, etc.

[P000404]

War Memorials

Motion made, and Question proposed, That this House do now adjourn.—*(Mr. Blizzard.)*

7.17 pm

Shona McIsaac (Cleethorpes) (Lab): I thank Mr. Speaker for allowing me to address the House on the subject of the nation's war memorials on the day after the launch of the annual poppy appeal.

My interest in war memorials began some time ago. My late father served 25 years in the armed forces, and one of his postings was to NATO headquarters in Belgium. My father organised family outings to visit the war memorials in that part of Belgium and northern France to seek out names of members of my family who had died in the first world war. By a quirk of fate, I attended a Canadian school at NATO headquarters in Belgium. The school took us on outings to Vimy ridge, where many Canadians lost their lives in the first world war. I was a teenager at the time, and seeing those cemeteries left a lasting impression on me—the symmetry of the white headstones, the stillness and quiet. But what stuck in my mind was the age of so many of the men—young boys really—who died when just a few years older than me.

When the family returned to Britain, I started to notice the village war memorials, big war memorials in towns, rolls of honour in churches, memorial plaques and many other forms of remembrance, not just from the first world war but from other conflicts. I got a sense that without graves at which to mourn, there had been a great upwelling of feeling in this country at the end of the first world war. Public subscriptions enabled memorials to be erected so that people had somewhere to go and grieve, and to remember the people whom they had lost in the Great War. That was not just for families; it was for communities. It was, in fact, for society. It was to ensure that none of us would ever forget those who had lost their lives in that conflict—as, indeed, none of us should ever forget those who are currently fighting for our country.

Every Remembrance day when, attending the main ceremony, I lay a wreath in Cleethorpes outside St. Peter's church, I remember the cemeteries in France and Belgium. I remember the lives cut short. I think of all who are serving now, and of all who have lost their lives in more recent conflicts in Northern Ireland, the Falklands, Iraq and, now, Afghanistan.

I remember that when I had just been elected—it was one of those bitterly cold November days—standing with all the civil dignitaries, ready to lay my wreath, and thinking "This is not the only memorial in the constituency; there are many, many others. There are small village memorials, and there are memorials in other churches." I made a little promise to myself that I would do my best to visit each and every memorial in my constituency. That has led me, over the past decade, to begin to record the names of the people commemorated on those memorials, and also to explore a little about their family backgrounds and the lives that they led. The period that I am discussing was one of great social change in Britain, certainly in the area that I represent. Because of the growth in the fishing industry, it was a time when thousands of people flocked to Grimsby and Cleethorpes to earn money. The whole social history is absolutely fascinating.

One of the memorials that I visited during my exploration of the constituency was in a very small village in the Lincolnshire wolds called Wold Newton. The names on the memorial cross had faded and almost vanished, but I took a photograph and put it on the computer. Having used all sorts of effects, I eventually managed to transcribe the names of four who died in the first world war and one who died in the Boer war, but I think that by now, because of increased weathering, those names have probably faded completely.

That was when I really began to think about the problem of memorials that have been weathered and memorials that are neglected. We must face the fact that although most memorials are well loved, not all of them are. I want to make people aware that those memorials exist. Although the families who raised money for them obviously wanted the names to be there for evermore, the names have faded.

That is why I feel so passionately that we must restore the war memorials in this country. It is not just about memorials that have faded or have been neglected; there is also the issue of development. Some memorials are threatened by demolition and road-building schemes, for instance. I know that there are memorials in many factories, workplaces and schools.

Mr. Andrew Pelling (Croydon, Central) (Ind): I am delighted that the hon. Lady has initiated this debate. She has mentioned schools. The issue of war memorials in schools has a particular resonance at a time when the country is involved in conflict. I have been lobbied by Mr. Michael Lyons of the Royal British Legion in New Addington, in Croydon, about the efforts being made to preserve school memorials when demolition is planned. A great deal of activity has taken place in relation to Building Schools for the Future. A very good ceremony took place in Applegarth school in New Addington last week, when "dead men's pennies" from the first world war were put in a permanent exhibition. That will enable young people to have a good sense of remembrance of those who served our country so well.

Shona McIsaac: I am glad that I accepted the hon. Gentleman's intervention, in which he illustrated beautifully the way in which memorials are under threat. They are not all in listed buildings; in fact, three memorials in my local party office have been saved. If we had not done that, I dread to think where they might have gone. Luckily, some others have gone into local archives, for example. People just think of the main, free-standing memorials, and often forget that in many public buildings—schools, hospitals, fire stations and post offices—there were memorials to many other people who signed up, perhaps in the pals' battalions, in the first world war. They are very telling memorials, and we must not let them be destroyed or neglected.

Knowing that I had secured this debate—and also because we are approaching the launch of the annual poppy appeal—on Friday I tabled early-day motion 2070. Many Members have already signed it, and I want to read it out as it summarises my emotions about this issue:

"That this House praises the British Legion's Roll of Honour, English Heritage, Historic Scotland, the War Memorials Trust, the Imperial War Museum and the Commonwealth War Graves Commission for their work dedicated to commemorating those who have died as a result of conflict and to preserving war memorials in the UK and abroad; calls upon the Government to

[Shona McIsaac]

examine ways of assisting communities to preserve and restore the UK's war memorials and rolls of honour in advance of the 100th anniversary of the outbreak of the First World War in August 1914; and further calls on the Government to establish a national code of practice to protect war memorials from destruction, and to have a national day of commemoration on the 100th anniversary of the outbreak of the First World War."

All the organisations I mention, such as the War Memorials Trust, do tremendous work. There is now a national inventory of war memorials, but it has only two full-time members of staff, although it has many volunteers. We have five years before there will be a lot of services of remembrance not only here, but throughout Europe and America, as well as in Australia and New Zealand because of the Anzac forces. We must do our bit. We must ensure that all our memorials are brought up to scratch in advance of that 100th anniversary. Five years seems a long way off, but I know that if we do not start doing something now, and if there is not a co-ordinated approach, some of the neglected memorials will remain neglected.

Stephen Pound (Ealing, North) (Lab): I am grateful to my hon. Friend for the tone she has struck in this timely and relevant debate. May I say to her, however, that I cannot imagine that any free-standing war memorial or cenotaph would be subsumed in building works, as I think most local authorities would make absolutely sure that that did not happen? She rightly and percipiently put her finger on another problem, which concerns memorials other than the free-standing ones. May I urge her to do something that I am sure she has already done, which is to encourage every Member of this House to contact the Royal British Legion, which is the custodian of the fallen, if ever there is any question of any plaque or memorial in any way being threatened? If that were the case, I would expect the Royal British Legion to contact its local Member, and I think well enough of this House to believe that no Member would turn aside a request from the Royal British Legion to honour our fallen.

Shona McIsaac: My hon. Friend makes an important point, and he is right. The Royal British Legion has what it calls its roll of honour, and it has been asking volunteers to record the names on memorials throughout the country.

The problem, however, is knowing where the memorials are. When I first started doing this, I was thinking about cemetery gates, rolls of honour in churches, memorial plaques and so on, but I have discovered many more that I did not know existed. Although I knew this one existed, for example, I have asked many residents in my area whether they have noticed the first world war memorial in the main post office in Grimsby, and they tell me that they have not. That memorial was saved from a building that was demolished, but the one for the fire service is locked away in an archive. The issue is all about knowing whether memorials exist. If we do not know that memorials are in boarded-up buildings, particularly factories and redundant schools, that is a problem. A national inventory is so vital, because we have to get those things on record. Then we can contact the Legion to ensure that the memorials are protected.

Although the last Tommy has passed away, the number of people attending remembrance parades has increased in recent years—certainly in the past decade. That is because of things such as the Commonwealth War Graves Commission website, where one can input the names of family members and find out about people. Intriguingly, as we approach the 100th anniversary of world war one an increasing number of people are becoming interested in this issue. That is why I am calling for a national day of commemoration similar to what the French do—they have what they call their days of "patromoine", when public buildings are opened up. It would be wonderful to see churches, schools and council buildings in this country—wherever the more hidden memorials can be found—opened up. We could restore the memorials and open the doors, so that people can see the memorials and pay their respects. That would help tourism too, because people visit places to see memorials. It would be a real boost to this country's economy if we could co-ordinate that.

I shall end my speech with a little local story. I know that sport is the normal brief of my hon. Friend the Member for Bradford, South (Mr. Sutcliffe), who is on the Front Bench for this debate, so I shall briefly discuss the footballers who enlisted in the 17th Battalion, the Middlesex Regiment in the first world war. One of those to enlist was the Grimsby Town football club captain, Sid Wheelhouse. In France, the various battalions played against each other to try to win the "British Expeditionary Force Football Association Cup". Being professional footballers, the 17th Battalion had the edge and sailed though to the final, which was set for 11 April 1915. The 17th Battalion met the 34th Brigade of the Royal Field Artillery and were decisive winners, by a score of 11-0. Tommy Lonsdale, Sid Wheelhouse and Dave Kenny from Grimsby Town were in the winning team, but by September the following year Sid Wheelhouse had become another casualty of the war. He was a well-respected player of his day—almost its David Beckham.

St. Aidan's church is across the road from Blundell Park, where Grimsby Town play and where I believe my hon. Friend the Member for Ealing, North (Stephen Pound) has been.

Stephen Pound: Sadly, many times.

Shona McIsaac: A memorial in the form of a wooden wall plaque in the Lady chapel in that church records the names of the many, many men who lived in north Cleethorpes—it was called New Cleethorpes at the time—who lost their lives in the first world war. Many of them were trawlermen. Hundreds of men from that community died when trawlers were hit; the number is phenomenal. One of the names on that memorial is S. Wheelhouse. He lived across the road from the ground and St. Aidan's was his local church. That is one of the memorials where the names are fading away; some of them are barely legible now.

It is those sorts of memorials that I want to see restored. They sometimes do not fit the criteria to get grants, because they are not necessarily in listed buildings or in conservation areas. This Remembrance Sunday, we will all be reading our prayers and we will remember these people. If we can bring all our memorials up to scratch by getting them all restored in advance of the 100th anniversary of the first world war, that would be a fantastic tribute not only to those people but for the future.

I would hate it if, at some point in the future, the names that are now being recorded on war memorials—those of people who have died in Iraq or Afghanistan—were to fade away. That is what is happening to these first world war names, and I would not want it to happen to our forces who are currently serving in Afghanistan, either. We owe that to all our forces and to all the people who have fought for our country.

7.35 pm

The Parliamentary Under-Secretary of State for Culture, Media and Sport (Mr. Gerry Sutcliffe): I thank my hon. Friend the Member for Cleethorpes (Shona McIsaac) for securing the slot for this debate on an important subject. I am deeply grateful for the way in which she has presented the issue. It is clear from her speech how emotionally involved she has become in this issue and in ensuring, through her useful website, that her constituents learn about the men and women whose names are on the war memorials in their local area. She demonstrates the diversity of war memorials: from plaques to obelisks to more elaborate structures. I believe that her web address is www.shonamcisaac.com and I am sure that many people will want to have a look at the site.

War memorials are of course a very special part of our environment; they help us to remember and to celebrate the lives and contributions of those men and women who gave so much to protect the freedoms of our country. They remain a vital, and sadly, still necessary part of modern life as young men and women continue to do their duty serving at home and in foreign parts. I was particularly struck by my hon. Friend's reference to the 100th anniversary of the first world war, and I agree that we need to ensure that preparations are in place to commemorate that in five years' time. I shall take note of her point so that we can ensure that those preparations are in place.

Memorials are also important to the communities in which they are situated and I know that, up and down the country, many people voluntarily ensure that memorials continue to be a fitting tribute by undertaking cleaning and maintenance. I want to offer the Government's sincere thanks to those who volunteer in this way.

The subject of the debate is the protection, conservation and restoration of war memorials, and I believe that the Government have a good record in each of these areas. I shall deal with each of them in turn. A useful first step would be to ensure that we know about the nation's stock of war memorials. I note of course the contents of my hon. Friend's early-day motion 1829, which calls for a national record of—and enhanced protection from developers—for war memorials. I have noted also the content of early-day motion 2070, and I echo her support for the work of the groups that she mentioned.

On the subject of a national register, I am pleased to report that we already have one in operation. The United Kingdom national inventory of war memorials started in 1989 and was initially a joint project between the Imperial War museum and the Royal Commission on the Historic Monuments of England, which is now part of English Heritage. The inventory continues to be supported by the Imperial War museum, which is in turn supported by my Department. I take the point about the two members of staff and we will have a look at what can be done to ensure that, in addition to the volunteers, we can ensure that we are adequately resourced.

I pay tribute to the two hon. Members who intervened on my hon. Friend—the hon. Member for Croydon, Central (Mr. Pelling) and my hon. Friend the Member for Ealing, North (Stephen Pound)—for their contributions and for ensuring that we keep this important issue in our minds, especially at this time. The aim of the inventory is eventually to have the story of each memorial in the country—its building, its unveiling and its significance to community life—within its archive. The inventory is a work in progress, and anyone who keeps records of memorials could help by sharing any information that they have.

As time goes on and the information becomes more complete, perhaps the inventory can consider whether there is a role it could usefully fulfil in showing us where protection might be lacking. Although the inventory is staffed by the Imperial War museum, I and those who work on it are very grateful for the work of large numbers of volunteer recorders and photographers. The inventory would be very grateful for any further offers of help with administration, fieldwork or research in addition to the support of the Royal British Legion.

Let me move on to the issue of protection. We have heard calls for enhanced protection for war memorials. Protection of war memorials is based on their status as listed buildings, parts of listed buildings and scheduled ancient monuments, or on their situation in conservation areas, and there are already a range of powers at the disposal of Government, its agencies, and local authorities, to ensure that such memorials are well cared for. Again, I am aware that I have not mentioned some of the possibilities, and I undertake to help my hon. Friend to ensure that the ones that she mentioned are included.

Any works to memorials that are listed, scheduled or in a conservation area will require the appropriate consents from the local authority or the Secretary of State, to ensure that they are in the best interests of the preservation of the memorial and its setting. Where a memorial is situated in a listed building, consents will be required from the local authority for any changes or for removal. Where proper steps are not being taken for the preservation of a listed memorial, a local authority has the power to undertake any repairs considered necessary, and it can then seek repayment from the owners for the cost of those repairs.

Ultimately, a local authority could compulsorily purchase a listed memorial to ensure its proper care and maintenance, and English Heritage is also able to exercise those powers in London. The Secretary of State also has reserve powers in this area but, thankfully, they are seldom needed or used. In respect of any memorial, listed or not, the War Memorials (Local Authorities' Powers) Act 1923 allows local authorities to carry out works, whether or not the memorial is in their ownership.

We consider that war memorials situated inside a listed church building of a major denomination—and there are many memorials within Church of England churches—are best cared for by the relevant denomination. The biggest denominations have their own stringent systems of care under the ecclesiastical exemption, and they provide excellent care for listed churches and their contents.

Shona McIsaac: The Minister has mentioned Church of England churches, but increasingly former Methodist chapels are being sold for residential purposes. The same is true of redundant Church of England buildings. What is the situation when a church becomes redundant? Who has responsibility for the memorials in it?

Mr. Sutcliffe: My hon. Friend raises a fair point, and I undertake to write to her about how we can deal with the situation that she describes. We need volunteers to help us identify where memorials are located, but we also need to determine what we can do, in addition to the powers that we have already, when buildings change use.

I realise that many war memorials might not be classed as, or situated in, listed buildings, but if a memorial represents a building of historic or architectural significance, an application can be made to English Heritage to have it considered for listing. Where neither a memorial nor the building in which it is situated merit listed building status, the Government's draft planning policy statement for the historic environment, currently out for consultation, encourages local authorities and owners to agree between them the significance of a building or its parts. In that way, and in advance of any application for planning consent, they can reach an understanding about what can or cannot be changed.

I note that the London boroughs of Harrow, Bromley and Bexley keep registers of the war memorials situated in their areas in order to inform relevant planning decisions, and that two more boroughs are planning similar lists. That is certainly an approach to be encouraged, and I suggest that authorities should work with the national inventory wherever possible. Beyond statutory recognition and processes, however, and whether or not memorials are historically significant, there will always also be a role for local communities in making sure that memorials are respected for what they are and what they signify.

As the hon. Member for Croydon, Central said, there is also a role for educators in making sure that people respect the legacy of those who gave their lives, and the tributes made to them. Like my hon. Friend the Member for Cleethorpes, I of course deplore any acts of vandalism that damage our memorials. I should also like to add my thanks to the Royal British Legion, English Heritage, the War Memorials Trust, the Imperial War museum and the National Memorial Arboretum, especially for their work with educators and children in making sure that memorials are understood and kept for future generations.

English Heritage is helping us to recognise where memorials might be at risk, and where intervention might be needed. Last year, it launched its heritage-at-risk register, which sets out the buildings listed at the highest grades, and the scheduled ancient monuments, that are considered to be either at risk through neglect and decay, or vulnerable to becoming so. I am pleased to report that, out of the more than 5,000 entries on the register, the number of purpose-built memorials is only just in double figures, and that just four are war memorials.

Although I do not consider it appropriate this evening to name those memorials considered to be at risk, suffice it to say that English Heritage has the matter in hand on all of them. One memorial is in local authority ownership, and English Heritage is preparing to work with the authority and a local group to ensure its preservation. The others are, respectively, in private ownership, in the care of a charitable trust and in joint ownership. English Heritage is in discussions over all three. It is carrying out repairs in one case, in discussion with the local authority, and offering grants for repair in the other two cases. All in all, it is not a bad picture considering that there are approximately 1,200 listed war memorials.

The help being offered by English Heritage in these cases brings me to the range of assistance that is on offer to those conserving and restoring memorials, by way of funding and guidance in the technical matters of restoration and maintenance. English Heritage and the Wolfson Foundation, in association with the War Memorials Trust, provide grants for the repair and conservation of freestanding war memorials in England. These grants enable those who are responsible for the upkeep of war memorials to carry out repair projects to a high standard. To date, over £600,000 has been offered to 250 projects. The War Memorials Trust has its own separate grant scheme.

The Department for Culture, Media and Sport operates the memorials grant scheme, which makes grants to registered charities and faith groups equivalent to the VAT incurred in making repairs to, or establishing, public memorial structures, including war memorials. To date, the scheme has given out more than £1.5 million UK-wide. A significant proportion of this has helped to establish the armed forces memorial at the National Memorial Arboretum, but many other grants have been made for the repair of war memorials across the UK. My hon. Friend's website mentions some memorials in her constituency where the names, as she said, have become illegible. Where such memorials are in the care of charities or Church groups, a grant under this scheme could help with restoration.

The sister scheme to the memorials grant scheme, the listed places of worship grant scheme, will also make grants equivalent to the VAT costs of making repairs to memorials that form part of the fabric of a listed church building. In addition, the Heritage Lottery Fund, distributing funding from the lottery good causes contribution, has made 36 grants, totalling £17,369,308 where projects have involved the conservation or repair of war memorials or have sought to increase awareness of their significance and meaning. English Heritage cares for six of the capital's most important memorials, including the Cenotaph. Altogether, there is a great deal of financial help out there for those who need it when caring for memorials.

I have noted my hon. Friend's comments about how we could go further. It was right and proper that she raised the issue. We are working to maintain our memorials, and I look forward to working with her and other colleagues across the House to make sure that we protect the memorials to those who gave their lives for this country.

Question put and agreed to.

7.47 pm

House adjourned.

House of Commons

Thursday 22 October 2009

The House met at half-past Ten o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

BUSINESS BEFORE QUESTIONS

BOURNEMOUTH BOROUGH COUNCIL BILL [*LORDS*]
Motion made, That the Bill be now considered.
Hon. Members: Object.
Bill to be considered on Thursday 29 October.

MANCHESTER CITY COUNCIL BILL [*LORDS*]
Motion made, That the Bill be now considered.
Hon. Members: Object.
Bill to be considered on Thursday 29 October.

CANTERBURY CITY COUNCIL BILL *(BY ORDER)*

NOTTINGHAM CITY COUNCIL BILL *(BY ORDER)*
Third Reading opposed and deferred until Thursday 29 October (Standing Order No. 27)
Object.

CITY OF WESTMINSTER BILL [*LORDS*]
Motion made,
That so much of the Lords Message [12 October] as relates to the City of Westminster Bill [*Lords*] be now considered.—*(The First Deputy Chairman of Ways and Means.)*
Hon. Members: Object.
To be considered on Thursday 29 October.

Oral Answers to Questions

TRANSPORT

The Minister of State was asked—

Mersey Gateway Bridge

1. **Derek Twigg** (Halton) (Lab): When he expects to announce his decision in respect of the proposed Mersey gateway bridge. [294793]

The Minister of State, Department for Transport (Mr. Sadiq Khan): The inspector's report following the recent public inquiry is not expected to be received until the middle of December and its recommendations will need to be considered carefully before the Secretary of State can announce the decisions. A further decision on funding will be taken after that.

Derek Twigg: May I urge my right hon. Friend to make a decision as soon as possible after the inspector's report has been received? I remind him of the project's importance for Cheshire and Merseyside, as it will ease congestion, improve public transport and create more than 4,000 jobs. It will also create hundreds of much-needed construction jobs during its construction phase.

Mr. Khan: I acknowledge the role that my hon. Friend has played as an advocate for the Mersey gateway bridge. I have heard him ask questions of the Prime Minister and raise the matter in debate, and I have also heard the representations made by Halton borough council. I commend both him and the council for all the hard work that they have done.

My hon. Friend has heard from me the time scales in respect of when we expect to receive the public inspector's report. He will be aware of the scheme's complexities, but I assure him that we have taken on board the points that he has made and the sense of urgency that he has expressed this morning.

Rail Services

2. **Mr. John Grogan** (Selby) (Lab): If he will hold discussions with train operating companies on proposals to increase the number of rail services operating on Boxing day 2009. [294794]

The Parliamentary Under-Secretary of State for Transport (Chris Mole): I understand from Network Rail that it plans to enable around 50 per cent. more rail services to run on Boxing day 2009 to reflect changing travel demands, and I welcome this. As my hon. Friend is aware, Boxing day service provision is a matter for the train operating companies and Network Rail, as the owner and operator of the national network.

Mr. Grogan: The almost full level of service on Boxing day in every other EU country means that people can visit family and friends, attend sporting fixtures or go shopping in the sales. When I met Lord Adonis this spring he promised to contact the train operating companies on this matter. Should not the Government take a more active role in promoting a comprehensive Boxing day service in future?

Chris Mole: I congratulate my hon. Friend on the way that he has advocated the development of services on behalf of the public, but I must advise him that his international comparisons suggesting that this country is unusual in providing a relatively low level of service are misleading. Although Boxing day is a public holiday in England and Wales, by and large it is not in many continental European countries. I know that he understands that the seasonal break is an important time for Network Rail to take possession of busy lines to undertake essential maintenance. Although that will mean that there will be no access to destinations such as Manchester international airport this year, there is evidence of growth in travel over the Christmas and new year period, with 23,000 more trains running in 2008 than in 2007.

Miss Julie Kirkbride (Bromsgrove) (Con): The Minister gave the House an interesting answer when he said that services had increased by 50 per cent. So that we can understand that figure, will he say to what extent that represents the normal service on any other working day of the year?

Chris Mole: The 50 per cent. figure represents the increase over previous years that is planned for this year in the 2009 timetable.

Mr. Tom Watson (West Bromwich, East) (Lab): To travel on a bank holiday, British citizens need to know the train operators' timetables, but the data are licensed as the companies' intellectual property. Does not my hon. Friend think that the timetable data belong to the people, and that we should make them available for free?

Chris Mole: My hon. Friend's question would be better directed at the Association of Train Operating Companies, which owns the intellectual property behind the timetable.

Norman Baker (Lewes) (LD): Is it not symptomatic of the culture and mindset that persists in the railway industry these days that Boxing day, public holidays and Sundays are somehow not regarded as days on which people travel, as they were 50 years ago? When are we going to get the seven-day railway that Network Rail promised us? Is it not time that, instead of thousands of people being shoved on to bus replacement services, we had guaranteed rail services on Sunday? To give Network Rail an incentive and passengers a chance, should not Network Rail give a third off the ticket price to those who are forced on to buses?

Mr. Speaker: Order. Front Benchers have got to learn the habit of asking one question, not a quartet of questions.

Chris Mole: This Government are the first Government to assert the notion of the seven-day railway, and in doing so, we have had constructive dialogue with Network Rail about the scheduling of maintenance works. Of course, one of the challenges we face now is that we are investing more in our railways than ever before to ensure that they are properly maintained. To undertake those works, the railway must be possessed by Network Rail, which will judge the best time to do the work, which is inevitably a Sunday.

High-speed Rail

3. **Hugh Bayley** (City of York) (Lab): What assessment his Department has made of the economic effects of the introduction of a high-speed rail line via Yorkshire. [294795]

The Minister of State, Department for Transport (Mr. Sadiq Khan): We have asked High Speed 1 to consider the potential development of a high-speed line beyond the west midlands, in particular the potential for the new line to extend to the conurbations of Greater Manchester, Yorkshire, the north-east and Scotland.

It is expected that high-speed rail services to Yorkshire would result in a measurable impact on economic benefits. Greengauge 21, for example, suggests that a high-speed network would create some £6 billion of economic benefit to the region. The Government look forward to receiving High Speed 2's report on high-speed rail at the end of the year.

Hugh Bayley: It is good to see the Government taking action to promote high-speed railways, but when Network Rail published its report in August favouring the north-west over Yorkshire and the north-east, did the Minister of State notice, as I did, that it had failed to conduct the same economic analysis of the benefits of the north-west route and the Yorkshire route? Will he confirm that the Government will continue to consider Yorkshire and the north-west on equal terms, and to pursue equally claims for routes on both sides of the Pennines?

Mr. Khan: May I, through you, Mr. Speaker, reassure my hon. Friend that HS2's outlook is national? It is important that we bear that in mind. Some people would draw on the back of an envelope a line from London to Birmingham to Manchester to Leeds, and that would be their high-speed link. We examine the benefits to all the corridors in our country to ensure that all parts of the country get the benefits of high-speed rail.

Philip Davies (Shipley) (Con): Does the Minister accept that a high-speed rail link to the north-west that did not go to Yorkshire would have a detrimental impact on the economy in Yorkshire?

Mr. Khan: The hon. Gentleman makes a very good point. I hope that his Front Benchers are listening.

Mr. David Clelland (Tyne Bridge) (Lab): Successive Governments have spectacularly failed to tackle the north-south economic divide in any meaningful way. Businesses and politicians in the north-east now believe that one way to tackle the north-south divide is to make the travelling times between the two shorter and bring the two closer together. Those are the priorities for the north-east in terms of high-speed rail. Does the Minister share them?

Mr. Khan: My hon. Friend makes an extremely important point about the vision we have for high-speed rail. One of the things we deliberately asked High Speed 2 to look into was the benefits of extending the high-speed link to Manchester, Yorkshire, the north-east and Scotland. It is important that, when HS2 reports this year, we consider the report and come back with proposals next year. The alternative is short-term gimmickry to get a standing ovation at a party conference.

Sir Alan Beith (Berwick-upon-Tweed) (LD): Will the Minister particularly take into account the negative economic effects on the north-east of building a line only as far as Leeds?

Mr. Khan: I did not realise that I had so many allies in the Chamber, but it is good to hear that we have allies who are committed to investment in high-speed rail, which is probably the biggest single infrastructure investment in my generation.

Mrs. Theresa Villiers (Chipping Barnet) (Con): The *Yorkshire Post* this morning again highlights the importance of high-speed rail for the north of England, with its "fast track to Yorkshire" campaign, so I want to ask the Minister: will he promise us a year by which time construction of a new high-speed rail line to the north of England will have begun?

Mr. Khan: I welcome the hon. Lady's contribution to infrastructure investment. I wish she was as enthusiastic about Crossrail in London as she claims to be about high-speed rail. As for the timeline, we look forward to receiving the report from High Speed 2 later this year. My right hon. Friend the Secretary of State, who is a workaholic, will consider the report from HS2 and, I am sure, come back with proposals as soon as possible. Perhaps, if his infectious workaholism spreads, the construction work will begin as soon as the hon. Lady wants.

Mrs. Villiers: What the Minister does not tell the House is that the formal remit of HS2 is a route from London to the west midlands. The Conservative commitment to high-speed rail covers Manchester and Leeds. Why will Labour not match that?

Mr. Khan: I am sorry that the hon. Lady has spent so much time arguing with the Mayor of London that she has not read, for example, the evidence given by David Rowlands to the Transport Committee in June, or the copies in the Library of letters sent by Lord Adonis to David Rowlands, and his responses, which make the matter quite clear. My noble Friend writes in particular about

"the potential for HS2 to extend to the conurbations of Greater Manchester, West Yorkshire, the North East and Scotland."

I undertake to send the hon. Lady copies of *Hansard*, the minutes of the Select Committee and letters confirming our commitment. I wish that she would make the same commitment.

Road Deaths

4. **Dr. Brian Iddon** (Bolton, South-East) (Lab): What percentage of road deaths involved collisions with heavy goods vehicles in the last five years. [294796]

The Parliamentary Under-Secretary of State for Transport (Paul Clark): The percentage of road deaths involving collisions with heavy goods vehicles has averaged 14 per cent. over the past five years—an HGV being a goods vehicle with a gross vehicle weight exceeding 3.5 tonnes.

Dr. Iddon: Of those 40 to 50 lives lost per annum, 15 could be saved if the European Community directive on fitting retro-reflective conspicuity tape to HGVs were immediately implemented. Why, therefore, has my hon. Friend decided to postpone the implementation of that directive until the very last minute, in 2011? The Freight Transport Association said in *Commercial Motor* last month that the impact on the industry would be "minimal".

Paul Clark: We undertook to look at the impact, which was in the impact assessment that was set out and published, and we found that the actual cost would be between £186 and £388 per vehicle. That would mean a cost to the industry annually of some £16 million to £17 million. We had to assess whether, in the current economic situation, it would be right to impose that cost on the industry, and we decided at this stage not to gold-plate the requirements, which will need to come into force by July 2011. Of course, that does not stop companies fitting the markings themselves. In addition, we will continue to work with HGV drivers through SAFED—the Safe and Fuel Efficient Driving programme—and the Safer Driving and the Driving for Work programmes, for example, on this and other health and safety issues.

Mr. Philip Hollobone (Kettering) (Con): A worrying proportion of fatalities, accidents and near-misses involving HGVs on the M1 and A14 in Northamptonshire is down to foreign lorry drivers and foreign lorries. When will the Government take that issue extremely seriously?

Paul Clark: For the record, may I make sure that the House is aware of the statistics? In fact, the number of reported accidents involving fatal casualties and side and rear collisions with heavy goods vehicles has fallen. In 2006, there were 183; the number fell to 176 in 2007; and it fell to 148—an almost 16 per cent. reduction—in 2008. Indeed, the number of accidents involving HGVs has fallen further. The steps that we are taking in respect of all HGVs, including foreign-registered vehicles, include an additional £24 million for the Vehicle and Operator Service Agency to undertake further checks on international lorries to ensure that they are roadworthy.

Local Transport Plan

5. **Mr. David Heathcoat-Amory** (Wells) (Con): If his Department will amend the local transport plan criteria to allow local authorities more discretion in approving transport schemes. [294797]

The Minister of State, Department for Transport (Mr. Sadiq Khan): No. Local authorities already have almost complete discretion to invest in transport as they see fit. They are obliged to seek approval only when they are bidding for additional funds from the Department—for example, for major schemes of more than £5 million.

Mr. Heathcoat-Amory: The truth is that there is a box-ticking mentality in the Department, whereby local authorities have to comply with central Government criteria when allocating road improvement funding. Will the Minister accompany me on the protest march along the Berrow coast road this Saturday, when we will be campaigning for the so-called missing link, where there is no footpath or cycle way at all, in aid and support of local democracy over central Government control?

Mr. Khan: I think that the right hon. Gentleman made a similar allegation last year about the DFT interfering with what Somerset county council wanted to do, and he was wrong then, too. There are a number of ways in which one can obtain funding for transport projects. First, there is the £1.7 billion of capital funding, which has no strings attached whereby we could stop local authorities from doing what they want. Secondly, there is the revenue support grant: again there is no ring-fencing, and no project is subject to criteria. Thirdly, there are local transport plans. The right hon. Gentleman would expect us to be responsible to the taxpayer for contributions of more than £5 million. This is not about box-ticking; it is about ensuring that taxpayers' money is spent properly and we get value for money. I am sure that he would welcome that approach.

Stephen Hammond (Wimbledon) (Con): As my right hon. Friend the Member for Wells (Mr. Heathcoat-Amory) pointed out, it is to this Government's continuing shame that they are killing off so many innovative local transport schemes by national diktat. When will they do what

they have done in so many areas of transport, not least in relation to the question asked by my hon. Friend the Member for Chipping Barnet (Mrs. Villiers)—drop their policy, follow our policies, and allow local authorities to make truly local decisions?

Mr. Khan: One of the problems in doing what the hon. Gentleman claims to want to do is that his party in Westminster disagrees fundamentally with the Mayor of London on so many issues, whether it be Crossrail, an estuary airport or speed cameras. On funding, the hon. Gentleman should be aware—if he is not, I am again happy to undertake to write to him to educate him—that any major funding scheme below £5 million needs no approval from the Department for Transport. It is right and proper that we have a duty to taxpayers to ensure that money is spent properly, but there is a light-touch approach. When a major project is submitted to the Department, we work with those involved to ensure value for money and deliverability. I do not apologise for ensuring that every penny of taxpayers' money is spent properly.

Speed Cameras

6. **Mr. Mark Harper** (Forest of Dean) (Con): How many fixed speed cameras there were in England in (a) 1997 and (b) 2008. [294798]

The Parliamentary Under-Secretary of State for Transport (Paul Clark): The Department for Transport does not hold that data for 1997 or 2008. The deployment of speed cameras and the number in place is a matter for local road safety partnerships.

Mr. Harper: I am grateful for that rather inadequate answer. The Minister will know perfectly well that the number of speed cameras has almost trebled since 1997. Since statistics from his own Department from 2008 show that only 5 per cent. of road accidents are caused by breaking the speed limit, do the Government not need a broader strategy to reduce fatalities and casualties on our roads, instead of continuing to be a one-club golfer?

Paul Clark: The hon. Gentleman has obviously taken his line from his Front-Bench colleague the hon. Member for Chipping Barnet (Mrs. Villiers), in terms of the idea that there is only one part to the Government's road safety strategy. It is blatantly clear that that is not so. Our strategy is centred on education, enforcement and engineering. Let me point out that last year, excessive speed remained a contributory factor in 26 per cent. of all deaths on our roads. Although we have had a 14 per cent. reduction overall, which is part of our strategy, excessive speed had an effect in 26 per cent. of cases, involving 600 individuals. I make no apology whatsoever for giving local partnerships the choice in taking forward measures that will help to save lives, which all the evidence indicates happens with speed cameras as part and parcel of the approach, or one tool in the armoury.

Let me add that the Mayor of London—

Mr. Speaker: Order. I think that the Minister has given the House a decent flavour of his meaning.

Mr. Greg Knight (East Yorkshire) (Con): When are the new cameras hidden in gantries across the M1 motorway in Hertfordshire going to be switched on, and why?

Paul Clark: I will write to the right hon. Gentleman specifically about the requirements of the national strategic network in relation to speed cameras. Speed cameras that assist in slowing people down help to save lives. Indeed, that is endorsed by his own party, in the shape of the Mayor of London, who wrote to the Secretary of State saying that safety cameras had helped with speed and saved 400 lives.

Mr. Robert Goodwill (Scarborough and Whitby) (Con): Has the Minister seen research from the university of Liverpool and the department of statistical science at University college London on the regression to the mean effect? Does not that call into question some of the claims made by the Government on the effect that fixed speed cameras have on reducing accidents?

Paul Clark: Obviously, one would expect any Department worth its salt to keep the evidence always under review. Equally, the hon. Gentleman will be aware of evidence showing that where speed cameras were in place, there was a reduction of up to 42 per cent. in serious injuries and deaths. Of course we keep matters under review, but these measures save lives, and are one of the right ways forward for local partnerships. The change was made in April 2007, so the great announcement recently made in Liverpool that we would end centrally controlled cameras is not correct; that is a matter for local decisions in the local partnerships that are doing sterling work to help to save lives.

Obstructive Sleep Apnoea

7. **Meg Munn** (Sheffield, Heeley) (Lab/Co-op): What steps he is taking to increase awareness of the risks for commercial drivers of undiagnosed obstructive sleep apnoea. [294799]

The Parliamentary Under-Secretary of State for Transport (Paul Clark): The Department for Transport has sought to increase awareness of undiagnosed obstructive sleep apnoea by including relevant literature in correspondence sent to vocational drivers and operators. It has also undertaken focused presentations to representative bodies, published informative articles in motor trade industry magazines and increased awareness among medical professionals.

Meg Munn: I thank my hon. Friend and the Secretary of State for their interest in this issue. My hon. Friend will be aware of recent academic research suggesting that one in five lorry drivers may suffer from sleep apnoea. Given that if diagnosed and treated it does not prevent lorry drivers from continuing their careers, but that if undiagnosed and untreated it means they are a risk to themselves and other people on the roads, can his Department commit to doing even more?

Paul Clark: May I first put on the record my recognition of the dogged determination that my hon. Friend has shown in campaigning on this issue? I thank her for arranging with me a meeting with her constituents,

including the father and fiancée of her constituent who was killed as a result of this problem. I can guarantee that we will continue to work with the charity sector, the medical profession and occupational health to raise awareness. We will review the new Australian research to which my hon. Friend refers when the full evidence is available, and we are taking steps to reissue guidance to general practitioners on the medical form D4.

Rail Services

8. **Ms Sally Keeble** (Northampton, North) (Lab): What steps he is taking to improve rail services for Northampton. [294809]

The Parliamentary Under-Secretary of State for Transport (Chris Mole): London Midland has now received 37 new class 350/2 Desiros and retained seven four-car class 321 trains to provide additional capacity. From December there will be five additional Watford peak services to help reduce overcrowding on Northampton trains between Watford and Euston. That has led to an overall improvement in the public performance measure to 90.7 per cent. for the period from 23 August to 19 September 2009, against 86.6 per cent. in the same period last year.

Ms Keeble: I am grateful for that answer, but is the Minister aware of the local concerns about the urgent need for real, substantial long-term improvements to the train service? There is local anger about the day-to-day management of services, including cancellations, overcrowding and the farcical failure of the train company to get even the announcements on trains right. Will he or one of his colleagues therefore come to Northampton to meet rail users, listen to their concerns and take up the issues of concern to commuters in Northampton?

Chris Mole: One of the Secretary of State's predecessors was in Northampton only in April, but my noble Friend has advised me that if he is in the area he will be happy to meet my hon. Friend and the local rail user group. I assure her that the performance of the train operating company is the subject of regular scrutiny by the performance delivery group, which I chair. We look closely at factors that contribute to any delays or cancellations, whether they are caused by Network Rail or by train operating companies.

Mr. Patrick McLoughlin (West Derbyshire) (Con): East Midlands Trains, which runs to Northampton, also serves Derby. On Sundays it runs only half the services, and journeys take double the time and cost the same. Is that fair for the consumer?

Chris Mole: As I made clear earlier, we are the Government who promoted the notion of the seven-day railway, and we will continue to press Network Rail to ensure that wherever possible, it maintains the Sunday timetable to which it is committed.

Goods Vehicle Testing

9. **Angela Watkinson** (Upminster) (Con): What assessment he has made of the effect on small and medium-sized businesses of changes to arrangements for the Vehicle and Operator Services Agency to test goods vehicles. [294801]

The Parliamentary Under-Secretary of State for Transport (Paul Clark): In assessing its change programme, VOSA considered the impact on its entire customer base, most of which consists of small and medium-sized businesses. Service criteria have been established, based on independent market research and customer consultation.

Angela Watkinson: I thank the Minister for his reply. Operators will welcome any improvement to efficiency in the test station network, but there is great concern among very small businesses about the likely cost impact when the tests are carried out by a private company. When will he be able reassure them, and when will a decision be made, as to the likely cost of tests under the new arrangements?

Paul Clark: The overall policy is to ensure that we have testing facilities that are closer and more responsive to the customer base. Indeed, as my substantive answer suggested, some 90 per cent. of all operators have fewer than six vehicles. That represents the vast majority of VOSA customers, and we are keen to ensure that they are not penalised. There is a £6 premium on designated third-party premises at this stage. We are reviewing that and would expect to see it removed within the next two years.

Mr. Andrew Turner (Isle of Wight) (Con): Motorcyclists on the Isle of Wight must get their vehicle to the mainland for it to be tested. That is at least an hour and a quarter each way. What is being done to ensure that a test station is available on the island?

Paul Clark: I shall write to the hon. Gentleman about the position in the Isle of Wight, but overall, we seek to ensure for customers that 90 per cent. of the population is covered by facilities that are within either 30 miles or 60 minutes of them: that is our 30-60-90 rule. Obviously, we will struggle to maintain that in some places, but we will always review the situation and undertake to look for further designated third-party premises.

Rail Franchises

10. **Miss Anne McIntosh** (Vale of York) (Con): What recent representations he has received on the functioning of rail franchises; and if he will make a statement. [294802]

The Minister of State, Department for Transport (Mr. Sadiq Khan): Ministers and officials within the Department for Transport have regular discussions with the rail industry about the functioning of rail franchises. The Department continues to manage the delivery of obligations of all rail franchise contracts, and officials report frequently on delivery to the Secretary of State.

Miss McIntosh: Are the Government minded to reconsider the length of the franchise offered, particularly for the east coast main line? Does the Minister share my concern about the debt that the company that holds the franchise—the second company to have failed when holding it—has run up with the banks, which of course is now being serviced by the taxpayer? This is a particularly difficult time, so what is he going to do about that franchise?

Mr. Khan: The hon. Lady raises an excellent point. We keep our options open on the form and length of rail franchises. She is right to imply that a longer franchise might help to support more investment and provide greater stability, but she will be aware that when the directly operated—*[Interruption.]* I am sorry, Mr. Speaker, but there is a lot of chuntering from Opposition Front Benchers. Clearly—*[Interruption.]*

Mr. Speaker: Order. The Minister is right: there is too much chuntering from Front Benchers. I do not like it and I do not want it to happen again.

Mr. Khan: I am afraid that the public schools they went to did not teach them manners.

The point is that when the Directly Operated Railways company takes over the running of the line next year and when it comes to retendering, one of the things that we could look into, and seek representations on, is whether the franchise should be longer.

Mr. Gregory Campbell (East Londonderry) (DUP): To what extent are current franchises furthering greater mobility, particularly among elderly citizens across the United Kingdom?

Mr. Khan: My noble Friend the Secretary of State looks into some of the issues that the hon. Gentleman has raised, including rail usage—who is using the railways—and whether there are advantages in how a franchise is run. One advantage of retendering is that we can take on board passengers' concerns. This is not directly relevant to him, but we recently refranchised South Central and asked Passenger Focus to ask users what they would like to see in the next franchise. I am happy to arrange for the hon. Gentleman to meet officials to discuss what can happen in the next phase in relation to his constituency and his community.

Severn Crossings

11. **Jessica Morden** (Newport, East) (Lab): What recent discussions his Department has had with the operators of the Severn crossings. [294803]

The Minister of State, Department for Transport (Mr. Sadiq Khan): Under the concession agreement, there is a need for a wide range of regular meetings with the concessionaire, Severn River Crossing plc, regarding day-to-day routine operational and maintenance issues, financial and contractual matters, and contingency planning. Issues recently discussed include operational maintenance, planning for events, including the Ryder cup in 2010, and the use of tag and credit or debit cards for Severn bridge toll payments.

Jessica Morden: The Minister will be aware that users of the Severn bridges can pay by cash, cheques or euros, but not by credit or debit cards, which is particularly incomprehensible for first-time visitors to Wales and causes a lot of inconvenience. Will he reassure my constituents that this long-standing issue is moving to a satisfactory conclusion?

Mr. Khan: I have been reading the letters that my hon. Friend has written to the Department, and the *Hansard* reports of the questions that she has raised. The Under-Secretary of State for Transport, my hon. Friend the Member for Ipswich (Chris Mole), has reminded me that he met the Highways Agency as a direct result of her representations. She will be pleased to know that, in parallel with the negotiations with the concessionaire, we have proposed the necessary amendments to secondary legislation to permit debit and credit card payments at the Severn crossing. As a consequence of her representations, the agency has asked the Severn River Commission to consider the feasibility of introducing a variant of the season tag, which would be suitable for regular car-share groups.

Rail Services

12. **Mr. Adrian Sanders** (Torbay) (LD): If he will assess the effect on the tourism industry of the proposed reduction in the number of direct rail services between London and Torbay constituency. [294804]

The Parliamentary Under-Secretary of State for Transport (Chris Mole): First Great Western operates two daily services to Torbay via Taunton that take around three and a quarter hours, and South West Trains operates two slower services via Yeovil that take around four and a quarter hours. The South West Trains services will be withdrawn in December 2009. Few passengers use those services to travel to Torbay from London, and regular faster services are available from London to Torbay by changing at Newton Abbot.

Mr. Sanders: I am not sure that many other constituencies face a halving of their direct line services to London. The Waterloo service is cheaper than First Great Western and is used by people, including occasionally the MP for Torbay to get from the constituency to London. Will the Minister review the situation in the light of the fears of the tourist industry that it will lose custom as a result of those cuts?

Chris Mole: I assure the hon. Gentleman that the number of trains on the Torbay branch line will remain the same, providing access to Torbay. The Department has received no representations from South West Tourism on this issue. If the Liberal Democrats would run rail services because they are totemic rather than because they meet passenger needs, it perhaps tells us something about how unprepared they are to take—

Mr. Speaker: Order. We have had our fill of that reply.

Topical Questions

T1. [294813] **Mr. Edward Timpson** (Crewe and Nantwich) (Con): If he will make a statement on his departmental responsibilities.

The Minister of State, Department for Transport (Mr. Sadiq Khan): Since our last questions in June, the Department has made a significant number of policy announcements. To keep in your good books, Mr. Speaker, I will keep it short. We have announced a £1.1 billion programme for electrification of the Great Western main line and of the line between Manchester and Liverpool, a £14 million package to transform facilities for cyclists at rail stations and green permit schemes for

works in the street in London and Kent. We have published "Low Carbon Transport: A Greener Future", and more details are available on the Department website.

Mr. Timpson: Does the Minister support, as I do, the proposal from the Association of Train Operating Companies that the Crewe to Chester line should be electrified, not least because of its importance to the Cheshire economy and to Crewe as one of the country's key railway junctions?

Mr. Khan: It is fascinating how support withers away when it comes to paying for things. There is a consequence of wanting investment in public infrastructure—it costs money. One party is committed to investing—

Norman Baker (Lewes) (LD): Two parties!

Mr. Khan: Two parties are committed to investment, and one is not. When I was in Liverpool announcing the electrification of the Liverpool to Manchester line, I saw no support from the Conservatives. It is slightly rich for a new boy to lecture us about investment.

T5. [294817] **Natascha Engel** (North-East Derbyshire) (Lab): Will the Minister let me know what practical steps his Department is taking to protect rural bus services—by practical steps, I obviously mean money?

Mr. Khan: I thank my hon. Friend for her helpful question. In the last 13 years, we have introduced a rural bus subsidy scheme that gives more than £15 million each year to subsidise buses that otherwise would not be profitable to run. In addition, we have given more money to the revenue support grant scheme, which means that main buses can be funded. We also fund community transport buses, which leads to a number of buses being run that otherwise would not be run. She has raised the important point that social justice demands that rural communities have buses that run.

T2. [294814] **John Barrett** (Edinburgh, West) (LD): Given that more than 50 per cent. of flights from airports such as my local one in Edinburgh head to other UK mainland cities, what environmental impact study has been done on the effect of high-speed rail, which would remove the necessity for many of those flights?

The Parliamentary Under-Secretary of State for Transport (Paul Clark): In the work that we undertook for what ultimately became the 2003 aviation White Paper, a substantial review was undertaken into the impact and requirements, for the foreseeable future, of the level of air travel within the UK and for long and short-haul flights. I was recently at Heathrow airport, and although we have obviously committed to investment in high-speed rail and to taking that forward, the proportion of flights to Heathrow is 8 per cent. internal and 7 per cent. short-haul—the vast majority of flights are, of course, long haul, which need to be made.

Mr. Jim Devine (Livingston) (Lab): Again this week, there was an article in a national newspaper on the unacceptable behaviour of a senior manager working at Network Rail. I have been raising this matter, along with the Transport Salaried Staffs Association, for seven or eight months. I had a debate in Westminster Hall on the issue, where I asked 14 questions about it. Can I get an answer to those questions?

The Parliamentary Under-Secretary of State for Transport (Chris Mole): Industrial relations and staffing issues are between employers and their staff—in this case, Network Rail and its employees. Network Rail is a private company and the Department cannot involve itself in the staffing and operational aspects of the company's activities.

T3. [294815] **Mr. Mark Harper** (Forest of Dean) (Con): The Minister will know that my hon. Friend the Member for Cotswold (Mr. Clifton-Brown), supported by his colleagues in Gloucestershire, has been an ardent campaigner for redoubling the Kemble to Swindon railway line. Now that, as I understand it, a significant amount of money—£30 million—has become available in the south-west, will the Minister take whatever steps he can to ensure that it is used to make that necessary improvement on our rail line?

Chris Mole: I have had discussions this week with the Minister for the South West that indicated that the regional funding allocation for the south-west region has been reassessed, and that it is possible now that the majority of the funds for the redoubling of the Swindon to Kemble link can be found within the region. I will certainly be talking with departmental officials about closing the gap.

Jim Dobbin (Heywood and Middleton) (Lab/Co-op): Will the Minister inform the House whether there has been any progress in allowing the concessionary bus pass to be used as a senior railcard?

Mr. Khan: My hon. Friend has raised an important issue. We spend £1 billion on the concessionary bus fare scheme, which enables 11 million people who are either over 60 or disabled to use buses free of charge after 9.30 am and before 11 pm who would otherwise not be able to do so. He makes an important point about access to the railways, and I will write to him to give a substantive response, but suffice it to say that we have spent more money this year on such things than ever before in the history of this Government.

T4. [294816] **Tony Baldry** (Banbury) (Con): May an old boy ask, given the performance of Ministers today, why on earth we have a Department for Transport? Ministers clearly have no influence over rail operators' timetables. They do not know the number of speed cameras there are about. It is clear that the Highways Agency looks after the roads and that rail operators look after the railways. What on earth is the ministerial team doing? Would it not be a good start—

Mr. Speaker: Order. I must remind the hon. Gentleman, who is an experienced Member of the House, that topical questions must be brief, and so must the answers.

Mr. Khan: As an old boy, the hon. Gentleman will remember the privatisation of the railway sector. As an old boy, he will remember the privatisation of the buses. As an old boy, he will remember the fragmentation of the public transport system. And he will remember the chronic under-investment in our public transport system

for more than 20 years. Over the past 13 years, we have seen a 20 per cent. increase in the use of our buses, a 40 per cent. increase in the use of our railways and investment in the future as well. I am proud of that.

Hugh Bayley (City of York) (Lab): This week, two conservative think-tanks have proposed 'getting rid of the pensioners' concessionary bus pass. Would a Labour Government guarantee the House that they would not do that?

Mr. Khan: Unlike Her Majesty's official Opposition, we are committed to the concessionary bus scheme and to having 11 million people in England being able to use it—as I said, free for the first time in the history of Governments in this country.

T6. [294818] **Philip Davies** (Shipley) (Con): The Airedale and Wharfedale rail lines, which serve my constituency, are two of the most congested in the entire north of England. When will Yorkshire get its fair share—not extra—of the transport budget to deliver the much-needed extra capacity on those train lines?

Chris Mole: All the regions of the UK get their fair share of rail investment and have done through the life of this Government. Indeed, the hon. Gentleman should recognise that, within his region, the Northern Rail franchise receives more subsidy than any other train operating company in the country.

Ms Katy Clark (North Ayrshire and Arran) (Lab): The Minister will be aware that many of those who work on Britain's ferries are still not covered by the national minimum wage regulations. Can he outline what steps are being taken to close that loophole?

Paul Clark: I thank my hon. Friend for her question. It is certainly true that there are issues about the national minimum wage legislation that we need to consider. At the same time, we should recognise the international nature of the shipping industry. One of the other achievements under this Government has been a substantial increase in the number of UK-flagged ships in terms of tonnage. I want to ensure that that continues. We are currently having further discussions with the industry and unions about the issue.

T7. [294820] **Mr. David Amess** (Southend, West) (Con): My constituents in Southend, West would like to know whether the commitments originally given by the noble Baroness Chalker will be honoured when the Government sell off the Dartford river crossing toll bridge.

Chris Mole: The pressures on the crossing are well known and the Government are committed to finding a solution to meeting the capacity needs of Dartford.

Mr. Mike Weir (Angus) (SNP): Will the Minister tell us when the promised public consultation on the shape of the new franchise for the east coast rail line will begin?

Mr. Khan: We speak all the time to key stakeholders. The hon. Gentleman will be aware that National Express East Coast continues to run the railway. The directly operated company, as a shadow, is ready to take over the running as and when required, and there will be a seamless transition. However, he can write to my right hon. Friend the Secretary of State any time that he wishes to do so.

Christopher Fraser (South-West Norfolk) (Con): The Minister will be aware that Norfolk is the only county in England that does not have a dual carriageway linking it to a national road trunk network. Does he share my hope that the public inquiry into the dualling of the A11 from Thetford to the Five Ways roundabout will not push back the timetable for the project? Can he also give me an absolute assurance that—

Mr. Speaker: Order. One question will do.

Chris Mole: The Government are committed to progressing the dualling of the A11, to ensure that people in Norfolk and Norwich have the best possible access to the rest of the country as soon as possible.

Mr. Alistair Carmichael (Orkney and Shetland) (LD): May I ask the shipping Minister to have an urgent look at pay in the Maritime and Coastguard Agency? Last year senior managers were given an average increase of 15 per cent., compared with front-line staff, who got 1 per cent. Surely that is not acceptable.

Paul Clark: I have regular meetings with the MCA. There has been a reduction in the number of directors and a change in the provisions. However, we are obviously concerned to ensure that all public sector expenditure not only is in accordance with agreements, but is value for money and delivers the requirements that we need, in this case through the MCA.

WOMEN AND EQUALITY

The Minister for Women and Equality was asked—

Equality and Human Rights Commission

1. **John Howell** (Henley) (Con): What recent discussions she has had with the chairman of the Equality and Human Rights Commission on the commission's co-ordination of its work on different strands of discrimination. [294822]

4. **Mr. Gerald Howarth** (Aldershot) (Con): What recent discussions she has had with the chairman of the Equality and Human Rights Commission on the commission's co-ordination of its work on different strands of discrimination. [294825]

The Minister of State, Government Equalities Office (Maria Eagle): My right hon. and learned Friend the Minister for Women and Equality wrote to the chairman of the Equality and Human Rights Commission on 5 August, setting out the need for the commission to strengthen its relations with stakeholders and to set out clearly what is being done on each equality strand. A follow-up meeting was held on 22 September to discuss the matter. Such meetings will continue.

John Howell: Given that the Minister for Women and Equality talked on the "Andrew Marr Show" about the need to be able to see the different strands of discrimination, rather than about having an amorphous, overarching human rights concept, will the Minister of State admit that the Government got it wrong in how they set up the Equality and Human Rights Commission?

Maria Eagle: No, I do not admit that we got it wrong. It was completely correct to bring together the Disability Rights Commission, the Equal Opportunities Commission and the Commission for Racial Equality, in order to ensure, in addition to the new three strands, that employers and those regulated by the commission know where to go and have only one body to go to. That is completely the correct decision. However, it is also correct to ensure that the underlying causes of discrimination, which can be different for disabled people from those for black and minority ethnic people, for example, are visible and have different solutions, for which the commission can account to its stakeholders.

Mr. Howarth: Does the Minister agree with the chairman, Trevor Phillips, when he said that sometimes the best way to frustrate the British National party is for those who feel able to vote Conservative? Surely that is sound advice.

Mr. Speaker: Order. That is very wide, so I am sure that the reply will be very brief.

Maria Eagle: I do not always agree with what the chairman of the Equality and Human Rights Commission says.

Meg Munn (Sheffield, Heeley) (Lab/Co-op): Are not human rights one of the important aspects of the Equality and Human Rights Commission, and do they not underpin the whole approach to discrimination? Having that strand running through the commission is another reason why those organisations needed to come together.

Maria Eagle: I agree with my hon. Friend. That is an important underlying strand of the work of the commission. As the commission moves forward, it will be important for it to make its work on all the strands much more visible than it has perhaps been in the past, and it has undertaken to do that.

Lynne Featherstone (Hornsey and Wood Green) (LD): Thank you for calling me, Mr. Speaker, but this was not the question that I thought I was going to be called on.

Mr. Speaker: I am not psychic. I can be guided only by what has been reported to me, and I had it down that the hon. Lady wanted to favour the House with her views on this matter.

Lynne Featherstone: Thank you, Mr. Speaker; I will therefore do so.

The Equality and Human Rights Commission has said that parental rights are so good that women are having a difficult time being employed. I wonder what the Government are doing about that.

Maria Eagle: I am not convinced that the hon. Lady has accurately cited what that report actually said. The commission is doing a lot of work on parental rights, for fathers and mothers, but not all the reporting of that work is an accurate reflection of what it has said.

Mr. Mark Harper (Forest of Dean) (Con): In the interview that my hon. Friend the Member for Henley (John Howell) cited between the Minister for Women and Equality and Stephanie Flanders on the "Andrew Marr Show" on 2 August, the Minister said that she did not favour the Equality and Human Rights Commission using the overarching human rights concept. How does the Minister of State think that it should instead deal with recognising the different strands and with making the commission more effective in combating discrimination?

Maria Eagle: My right hon. and learned Friend did not say quite what the hon. Gentleman is suggesting. However, it is important for the commission to be much more visible in setting out its work on each of the strands for which it has responsibility, as well as its work on promoting human rights. It will be held accountable for that by my Department, the Government Equalities Office, as well as by the wider stakeholder community and others in this House.

Corston Report

2. **Laura Moffatt** (Crawley) (Lab): What recent discussions she has had with the Secretary of State for Justice on steps to implement the recommendations made in the Corston report relating to women in prison addicted to drugs. [294823]

The Minister of State, Government Equalities Office (Maria Eagle): In my role at the Ministry of Justice as Minister for Prisons and champion for women in the criminal justice system, I discuss this matter regularly with the Secretary of State for Justice. As of February, there are no longer any women prisoners being routinely strip-searched in women's prisons in England, and we are investing £15.6 million of new money over this two-year period in existing third sector organisations to divert vulnerable women offenders from custody.

Laura Moffatt: I am grateful for the Minister's response. On a visit to HMP Send, a women's prison, I spoke to women on the rehabilitation of offenders trust who were helping women to rid themselves of the scourge of drugs. The particular problem raised by the Corston report was that dangerous moment when women are released from prison, particularly when child care problems are involved. What further discussions has my hon. Friend had on protecting women at that difficult time?

Maria Eagle: I am glad that my hon. Friend has seen the excellent programme at HMP Send, which I have also had the benefit of visiting. It is doing sterling work. Much of the £15.6 million of extra resources to which I have just referred is going to one-stop shops and women's organisations in the community that have an express purpose and ability to offer personal support to those coming out of prison, and to solve problems with housing and with getting children back to women coming out of prison to prevent them from reoffending. I believe that that will be very effective.

Sir Nicholas Winterton (Macclesfield) (Con): Will the Minister give me an update on the drug problem in Styal women's prison, which is close to my constituency? There have been a lot of problems there in the past. Can she report on the current situation?

Maria Eagle: All our prisons have certain difficulties with drug-addicted prisoners, whether they are women's prisons or other prisons. I can tell the hon. Gentleman that a record investment is going into drug rehabilitation and support in our prisons—including HMP Styal, to which he referred—with 15 times more money being spent now than in 1997 on drug rehabilitation, and a record number of people engaging with it. That has to be hopeful for the future.

Parental Leave

3. **Angela Watkinson** (Upminster) (Con): What recent discussions she has had with the Secretary of State for Business, Innovation and Skills on plans to reform arrangements for parental leave; and if she will make a statement. [294824]

The Solicitor-General (Vera Baird): This Government have transformed support for working parents since 1997—doubling maternity pay, introducing paternity pay and leave, more than doubling good-quality affordable child care places and extending statutory maternity leave from 14 to 52 weeks. Most recently, the Prime Minister has announced new flexibility for working parents, whereby from April 2011, if a mother wants to return to work six months after the birth, the other six months of her leave can be taken by her partner with three months of it paid. The Department for Business, Innovation and Skills is consulting on the administration of this scheme to make it as accessible as possible for both employers and employees.

Angela Watkinson: I recommend to the Solicitor-General the Conservative proposals for even greater flexibility in parental leave sharing between the mother and the father. Does she agree that that might help to mitigate any negative impact of improved parental leave on the employment prospects of women of child-bearing age?

The Solicitor-General: It is clearly very important to split child care leave between mothers and fathers, not least because if a potential employer is confronted with a man he wants to employ and a woman he wants to employ, he will be unable to discriminate against them if one is capable of having six months leave and the other is equally capable of having that leave if his partner becomes pregnant. The difficulty about the Tories' leave is that it is totally unpaid.

Mrs. Theresa May (Maidenhead) (Con): No it is not.

The Solicitor-General: Well, it is almost totally unpaid. That is very clear. The right hon. Lady would be better off if she explained to those thinking of having their children now that they had better be careful, because those benefits are going to be slashed under the Tory pay cuts ahead.

Mr. Tom Watson (West Bromwich, East) (Lab): The right-leaning think-tank Reform has today published a report calling for the abolition of so-called middle-class benefits. Has my hon. and learned Friend been able to consider that report, and does she know the impact on working mothers if we were to abolish maternity benefits?

The Solicitor-General: This issue relates to the point that I have just made. The level of these benefits is such as to provide very good support to working and middle-class people who want to be able to have families and to have optimal choice between flexibility at work and home care. If, as a result of the unhappy occurrence of a Tory majority at the next election, which according to the polls is looking less and less likely—we are now down to a very limited possibility, if at all—these benefits were assaulted and slashed, many of my constituents are very well aware of the dangers that they would face.

Married Couples (Armed Forces)

5. **Miss Anne Begg** (Aberdeen, South) (Lab): What recent discussions she has had with the Secretary of State for Defence on application of the Government's policies on equality to married couples in the armed forces with children. [294826]

The Minister for Women and Equality (Ms Harriet Harman): I have had a number of discussions with the Secretary of State for Defence and met ministerial colleagues to discuss how to support service families. I also recently met service families at RAF Wittering and Swinton Army barracks and plan to visit more bases to discuss service families' concerns.

Miss Begg: There seems to be a reluctance on the part of the Ministry of Defence to allow flexible working for the parent left at home when their partner is on active duty. As a result, the MOD is losing experienced personnel who are leaving the service rather than leaving their children without either parent at home. Will my right hon. and learned Friend speak to the MOD about how best to support serving couples who are also the parents of young children?

Ms Harman: This is a growing issue. Commanders are required to manage their personnel in a flexible manner to ensure that family responsibilities as well as military duties can be discharged. As well as supporting the responsibilities of married service couples, it is important to support their families. I pay tribute to the three service families' federations—Julie McCarthy of the Army Families Federation, Kim Richardson of the Naval Families Federation and Dawn McCafferty of the RAF Families Federation. They work closely with the Ministry of Defence and with us, and they do a magnificent job.

James Duddridge (Rochford and Southend, East) (Con): A 20-year-old British soldier is about to be posted back to Afghanistan. He has a wife and children, and the wife happens to be a foreign national. Because the soldier is 20 and not 21, he does not have the security of knowing that his wife and children can come to the United Kingdom. Is that right?

Ms Harman: If the hon. Gentleman is raising an immigration issue, he should probably raise it with the Home Office.

Race Inequality (NHS Staff)

6. **Keith Vaz** (Leicester, East) (Lab): What discussions she has had with the Secretary of State for Health on levels of race inequality among NHS staff. [294827]

The Parliamentary Secretary, Government Equalities Office (Michael Jabez Foster): My right hon. and learned Friend the Minister for Women and Equality has no direct discussions with the Secretary of State for Health on levels of race inequality, as responsibility for race inequality lies with the Secretary of State for Communities and Local Government. His Department, however, works with key delivery Departments, including the Department of Health, to support them and challenge them to promote race equality. The Government Equalities Office tackles discrimination in a series of different ways, improving advice and promoting awareness of their rights among employees.

Keith Vaz: May I ask the Under-Secretary or the Minister for Women and Equality to have those discussions? May I also declare my interest as a diabetes sufferer? The south Asian community is six times more likely than the mainstream community to suffer from diabetes. The discussions are important, because they are the only way in which we shall be able to deal with racial inequality in our health service.

Michael Jabez Foster: My right hon. and learned Friend the Minister is well known to be a champion of equalities in this context. My right hon. Friend will be aware that the national health service constitution, published this year, puts equality at the heart of the NHS. However, he has raised an important issue, and I know that my colleagues in the Government Equalities Office will wish to continue to discuss it with the Department of Health.

Women in Power: Milestones

7. **Mr. Philip Hollobone** (Kettering) (Con): What her role was in the compilation of the Government Equalities Office's recent publication "Women in Power: Milestones". [294828]

The Solicitor-General (Vera Baird): The "Women in Power: Milestones" fact sheet was produced in January 2008 by the Government Equalities Office to mark the 80th anniversary of women's gaining the franchise in 1918 and the 90th anniversary of the Equal Franchise Act 1928. The fact sheet was cleared through internal channels and officials only, not by Ministers. [HON. MEMBERS: "Ah!"] It is true, though.

We shall be publishing an updated fact sheet shortly, but there will be a new one today which will interest the hon. Gentleman. It is about black, Asian and ethnic-minority women in public life, because we are now in black history month.

Mr. Hollobone: Given that Lady Thatcher was Britain's first elected female Prime Minister—

Sir Nicholas Winterton (Macclesfield) (Con): And the greatest!

Mr. Hollobone:—and the longest-serving Prime Minister of the 20th century, and one of this country's greatest ever Prime Ministers, would the Solicitor-General like to apologise to the House for the fact that her name was omitted from the fact sheet that her Department published?

The Solicitor-General: It is a pity that she was missed out. I am prepared to go that far but not much further, since she did not do a great deal to advance the cause of women. I really do not think that the hon. Gentleman has a political point. *[Interruption.]* I have made it very clear that the fact sheet did not come to Ministers. If Members would listen instead of just shouting, they would realise that there is no political point here. The first woman Speaker was a Labour Member, and I am afraid that she was missed out, too. So it really is not about politics, and the hon. Gentleman is barking up the wrong tree.

Equality and Human Rights Commission

8. **John Barrett** (Edinburgh, West) (LD): What research the Equality and Human Rights Commission has undertaken to assess the effect of the recession on the level of funding available for the support of disabled people. [294829]

The Parliamentary Secretary, Government Equalities Office (Michael Jabez Foster): In June, the Equality and Human Rights Commission, the Department for Work and Pensions and the Government Equalities Office jointly published research that examined the impact of the recession on disability, age, gender and ethnic minorities. The report found that over the 12 months since its publication, the employment rate for disabled people fell slightly, from 48 per cent. to 47.7 per cent., which was less than the fall from 74.7 per cent. to 73.5 per cent. in the overall population.

John Barrett: One of the effects of the recession is rising unemployment. As we—hopefully—begin to emerge from the recession, what action can be taken to ensure that disabled people are not left at the back of the queue for jobs?

Michael Jabez Foster: The answer for all people is to make the right investment decisions, as the Government are doing, to ensure that there is no increase in unemployment overall. However, as the Equality Bill takes its place on the statute book, the new socio-economic duty will play an important role in ensuring that the economic outcomes for disabled people are particularly taken into account. That is something for the future that we all deserve.

Business of the House

11.34 am

Sir George Young (North-West Hampshire) (Con): Will the Leader of the House give us the business for next week?

The Leader of the House of Commons (Ms Harriet Harman): The business for the week commencing 26 October will be:

MONDAY 26 OCTOBER—Remaining stages of the Marine and Coastal Access Bill [*Lords*] (day 1).

TUESDAY 27 OCTOBER—Conclusion of remaining stages of the Marine and Coastal Access Bill [*Lords*], followed by Opposition day (unallotted half-day). There will be a half-day debate on parading in Northern Ireland on a motion in the name of the Democratic Unionist party.

WEDNESDAY 28 OCTOBER—Opposition Day (20th allotted day). There will be a debate on local spending reports followed by a debate on the future of the Territorial Army. Both debates will arise on an Opposition motion.

THURSDAY 29 OCTOBER—Topical debate (subject to be announced), followed by a general debate on the social care Green Paper.

The provisional business for the week commencing 2 November will include:

MONDAY 2 NOVEMBER—Remaining stages of the Perpetuities and Accumulations Bill [*Lords*], followed by a general debate on tackling anti-social behaviour.

TUESDAY 3 NOVEMBER—Consideration in Committee of the Constitutional Reform and Governance Bill (day 1).

WEDNESDAY 4 NOVEMBER—Further consideration in Committee of the Constitutional Reform and Governance Bill (day 2).

THURSDAY 5 NOVEMBER—Topical debate (subject to be announced), followed by general debate on climate change: preparation for the climate change conference at Copenhagen.

I can announce the Commons calendar for Parliament until the February recess in 2010. We plan to rise for the Christmas recess on Wednesday 16 December 2009 and return on Tuesday 5 January 2010. For the February recess, the House will rise on Wednesday 10 February and return on Monday 22 February. I will inform the House of the dates for the Easter recess in due course.

I should also like to inform the House that the business in Westminster Hall for 5 November will be:

THURSDAY 5 NOVEMBER—A debate on the report from the Committee on Arms Export Controls entitled "Scrutiny of Arms Export Controls (2009): UK Strategic Export Controls Annual report 2007, Quarterly Reports for 2008, Licensing Policy and Review of Export Control Legislation".

Sir George Young: The House is grateful to the Leader of the House for giving us the forthcoming business.

Last week, when I asked for the parliamentary calendar, the right hon. and learned Lady said she would bring it before the House as soon as she could, but for the first time ever she has announced the Christmas and February recess dates but not the Easter dates. What problems is she encountering over the dates of the Easter recess?

The Leader of the House has just told the House that we are to go into recess over a week before Christmas—that is the earliest the House has risen, as far as I can recall. Back in 1997, we rose on 22 December. That was when the Government had some leadership and some ideas. Our constituents will be working long after the date that she has just announced, and Conservative Members have an unquenched thirst for doing the job we were sent by our constituents to do beyond that date. Is this not further evidence that the Government are running out of steam?

Last week, the Leader of the House refused to answer my question about when the Chancellor would deliver his pre-Budget statement. Can she do so this week?

The Government are committed to replying to a Select Committee report within six weeks. When will the Government respond to the Public Administration Committee report on lobbying, published on 5 January? In March, the Minister for the Cabinet Office wrote to the Chairman of the Committee confirming that the Government would respond very soon. Since then, nothing. When will we get the Government's reply?

On the related point of courtesies to Select Committees, will the Leader of the House give an assurance that the Government will not consistently turn down the recommendations and findings of Select Committees on pre-appointment hearings?

May we have a statement from the Secretary of State for Work and Pensions on her Department's lamentable performance in answering questions over the summer recess? There were three days for tabling during the recess, but well under half of the named-day questions were substantively answered. Given that you, Mr. Speaker, have made it particularly clear that Ministers should respond to questions in a timely manner, is this not somewhat casual?

Today's topical debate is about securing economic recovery. That is an important issue but, thanks to the Opposition, we had a full day's debate on it three days ago. In that debate, however, the Labour party fielded only four speakers and ran out of contributors halfway through. Does the Leader of the House not think that today's time could have been more profitably used by having a debate on the future of Royal Mail or the growing rift between the Governor of the Bank of England and the Chancellor? Will she make more intelligent use of these important opportunities for topical debates next week?

Finally, may we have a statement next week from the Prime Minister on Afghanistan? We have long called for regular updates to Parliament, and we welcomed his statement last week. Since then, however, we have learned that there will be a second round of elections there, and additional troops have been called for. Does the Leader of the House not agree that the House should have the opportunity to cross-examine the Prime Minister next week on the security of our troops and the support that will be extended to them?

Ms Harman: I know that the right hon. Gentleman understands this, but it is important that the wider public also realise that the recess is not holidays; it is time when the House is not sitting and Members can take the opportunity to work in their constituency. We are rising earlier than usual in December, but we are returning earlier in January.

I will announce the date of the pre-Budget report shortly, in the customary way. I know that the right hon. Gentleman has in the past argued that there should be opportunities to debate the issues raised in the pre-Budget report on the Floor of the House. I am mindful of that, and I will make absolutely sure that, as well as having the opportunity to discuss the economy in the Queen's Speech debates, there will be sufficient opportunities after the pre-Budget report for it to be debated on the Floor of the House.

The right hon. Gentleman asked about the Public Administration Committee's report on lobbying. The Government's response has been published and the Committee considered it this morning. He mentioned pre-appointment hearings, no doubt in the context of the appointment of the Children's Commissioner and the Select Committee on Children, Schools and Families. Since we introduced this new opportunity for Select Committees to play a part in the appointments process, which gives Select Committees more scope for action, there has been the appointment of the chair of the Statistics Board, as well as hearings on the appointments of the chairs of the Care Quality Commission and the House of Lords Appointments Commission and the chair-elect of Ofcom. There have also been a new Information Commissioner and chair of the Office for Legal Complaints. I have to hand a long list of all the pre-appointments hearings, which I could read out, but the point is that Select Committees are playing their part in pre-appointment hearings. However, it remains the case that under the structure that is in place the final decision is still for the Secretary of State. That is, no doubt, illuminated by the questions asked in the pre-appointment hearings.

On the Department for Work and Pensions written questions, the Deputy Leader of the House will meet DWP Ministers to make sure that there is a prompter response to the House. This is an important issue. All Ministers should respond promptly to Members' questions about their Department's responsibilities.

The right hon. Gentleman mentioned the choice of subjects for topical debates. I have to tell the House that there were no proposals from any party's Front or Back-Bench teams for the topical debate this week. I encourage both Front and Back-Bench Members to make proposals for the topical debate. The right hon. Gentleman asked why we did not choose to debate the Post Office. We did, of course, have a statement on Royal Mail earlier in the week. If we are to make topical debates work, we need suggestions to be made, and I invite him to do so.

The right hon. Gentleman asked about keeping the House updated on Afghanistan. As he said, there was a statement on that last week. As well as answering questions every week in the House of Commons at Prime Minister's Question Time, the Prime Minister appears before the Liaison Committee.

Mr. David Heath (Somerton and Frome) (LD): Last week, I drew attention to the activities of the banks and the fact that they are carrying on with blithe indifference to what they have occasioned in the economy of this country. They are going back to paying their big bonuses, they are unreformed and they are not providing a service to local businesses. That view has, again, been shared by the Governor of the Bank of England during the past week, so may we have a debate on the position of the banks and, ideally, on reform of the banks—something that the Government have clearly decided they cannot face?

Before the debate on climate change, may we have a debate on statistics? Sir Michael Scholar, the chairman of the UK Statistics Authority, is again calling the Government to account for abusing statistics—this time the official figures for greenhouse gas reductions, which he described as exaggerated. Elsewhere, the energy efficiency figures have been described as "grossly" inflated. We must have accurate figures on such issues if we are to do a good job. Perhaps it was the complacency occasioned by this abuse of statistics that allowed so many Members of this House last night to refuse to allow this House—this Parliament—to enter the 10:10 campaign. Will the Leader of the House find an opportunity for this House to debate that again? Perhaps Labour Members will then be able to repent at leisure and decide that they would like this House to join a movement that is crossing the country at the moment.

May I make a bid for one of the topical debates that will take place over the next few weeks? As we approach Remembrance day, it would be entirely appropriate to debate the military covenant. Many colleagues, from all parts of the House, have serious concerns and valuable things to say about the extent to which this Parliament and the country honour our covenant with our armed forces. May we make that the subject of one of our debates over the next couple of weeks?

May we have a debate on police and police community support officer numbers? Although numbers vary around the country and, happily, some forces are still increasing their numbers, other forces are substantially reducing them. The number of police in Avon and Somerset has decreased, and this week we have heard that Somerset county council is, disgracefully, reducing its funding for PCSOs by a quarter. I cannot believe that it is right to cut front-line policing. That flies in the face of what people across the country expect, so may we have a debate on the issue at the earliest opportunity?

Lastly, I am unconvinced by the Leader of the House's responses on the pre-confirmation hearings. Only one adverse report has come from a Select Committee and it was rejected within hours; unless the Secretary of State for Children, Schools and Families and other Secretaries of State take the process seriously, there is no point in having it.

Ms Harman: The hon. Gentleman talked about bank lending practices and bonuses. We take the view that banks must be both building up their capital reserves to make sure they do not pose the risk that they did in the past and ensuring that they lend fairly to help businesses to recover and the economy to start growing again. Lending issues are very important indeed, and the Chancellor and the Prime Minister have made it clear that the Government's position is that there can be no return to business as usual on bonuses. There will be a debate on the economic recovery later this afternoon and that will provide an opportunity for the hon. Gentleman and other hon. Members to raise the important issues he has just mentioned.

On greenhouse gas statistics and energy conservation statistics, a climate change debate took place this week and there will a further such debate on 5 November,

[Ms Harman]

when the question of Members' participation in the 10:10 campaign can be raised.

The hon. Gentleman mentioned policing and police community support officer and police numbers. One of the most important things that the Government have done over the past 12 years has been to increase police numbers, to ensure neighbourhood beat policing in every neighbourhood and to ensure that PCSOs work alongside those police to reassure the public and tackle crime. He will be able to ask Ministers directly for more information about that at Home Office questions next week.

The hon. Gentleman also mentioned the military covenant. We had a full day's debate on defence last week. I agree that the military covenant is very important, not only for the serving forces and for veterans but for service families. It is difficult at the best of times to be bringing up a family when one's husband is away from home, but it is even more important if they are in a dangerous situation in Afghanistan. We need to pay tribute not only to our armed services but to their wives and families. That is why I am working with Ministers across Government to ensure that we recognise and support the contribution that armed services wives and families make to the defence forces.

Several hon. Members *rose—*

Mr. Speaker: Order. As 28 Members are seeking to catch my eye, simple, short supplementary questions and comparably brief replies are required.

Mr. Chris Mullin (Sunderland, South) (Lab): Does my right hon. and learned Friend agree that if we care about the low esteem in which our profession is held, one easy win would be to put an end to the 82-day annual recess and sit in September, as we once agreed to do? Will she arrange an early debate on the subject so that we can get the excuses out of the way as early as possible?

Ms Harman: We obviously keep under review the balance between the work that Members of Parliament do in the House of Commons and the work that they do in their constituencies. We should not go along with the view that the sole preoccupation of a Member of Parliament once they are elected is to be in Westminster, sitting in the Chamber or working in our Committees. We must recognise, acknowledge and support the work that is done in constituencies. In this day and age, it is no longer good enough for people to be elected and to say to their constituents, "See you again in five years." They expect us to be working in our local communities and that is why we need to have recess time as well as times when the House is in session.

Mr. Andrew Mackay (Bracknell) (Con): Should there not be a debate next week on joined-up government following the Chancellor's statement that it is a very good time to sell state assets such as the Dartford crossing, the student loan book and the Tote, whereas the Prime Minister said yesterday that it was inappropriate to go ahead with the part-privatisation of Royal Mail because there was nobody to buy it? That is not joined-up government.

Ms Harman: The Prime Minister dealt with that point during parliamentary questions only yesterday, so I feel no need to add to it.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): Further to the request for a debate on bank lending, could we have a debate specifically on mortgage lending? One of my constituents had the offer of a mortgage withdrawn by NatWest within two working days of completion on the basis that the vendors had not owned the property for more than six months. When it was pointed out that that was not even in the mortgage application, NatWest told my constituents that it was in the process of adding it. A debate on mortgage lending in particular and on the banks' practices in general would be welcome.

Ms Harman: I shall draw my hon. Friend's point to the attention of Treasury Ministers. It is important that there is no reckless lending by the banks, but nor should banks and building societies be turning off the taps for the housing market. It is important that we rebuild confidence and activity in the housing market.

Mr. Ian Liddell-Grainger (Bridgwater) (Con): The Leader of the House is well aware that the Government want to get as much renewable energy as they can and wind turbines are one way of doing that, but they are being introduced in areas where they should not be. Nine turbines will be applied for on the levels in Somerset—an area of outstanding importance to the United Kingdom. Under the current Government proposals, the application will be put through. Please may we have a debate to discuss where these turbines should go so that their placing is not to the detriment of the heritage of this country?

Ms Harman: It is no good saying that we all want more renewable energy if, whenever there is a proposal to ensure that renewables can be used, Opposition Members immediately raise objections. In the Planning Act 2008, we set out a new framework that ensured we can both protect areas of outstanding natural beauty and get a move on with renewables so that we have energy independence and help with tackling climate change.

Mr. David Chaytor (Bury, North) (Lab): The dispute in Royal Mail is damaging to the industry, families, communities and businesses and to the Government's reputation. I cannot think of a single more topical subject for a topical debate than the future of Royal Mail, so will my right hon. and learned Friend find time for one in next week's business?

Ms Harman: We have to pick the subject for the topical debate on Monday and we knew that we were having a statement on Tuesday on the Royal Mail dispute, so we did not pick it for the topical debate this afternoon. I remind the House of what the Secretary of State for Business, Innovation and Skills said. In this situation, it is important that both sides get round the table, talk and keep talking until all matters in dispute are resolved. If they cannot find a resolution, they should look to ACAS to help them to do so. Both sides within Royal Mail need to resolve this—they know

what the issues are and they know what has to be resolved, and I continue to urge them to do that. I think that that is the right approach.

Mr. Desmond Swayne (New Forest, West) (Con): When may we have a debate on agriculture? I am sure that we are long overdue one. It tends to get crowded out of Department for Environment, Food and Rural Affairs questions. Might it be a subject for next Thursday's topical debate?

Ms Harman: We have DEFRA questions next week, so the hon. Gentleman can ensure that agriculture is crowded into those questions by seeking to catch Mr. Speaker's eye.

Paul Farrelly (Newcastle-under-Lyme) (Lab): May I ask my right hon. and learned Friend the Leader of the House—and, of course, the real deputy leader of the Labour party—whether we can have a date on the implementation date for the temporary and agency workers directive? Fairer treatment for vulnerable workers has been the subject of two private Members' Bills in this House as well as of a joint declaration from the TUC, the Government and the CBI that it would be implemented in this Parliament. May we have an urgent debate on what is going on with the directive? There is considerable anger among Labour Members at reports that it might be put off until 2011.

Ms Harman: I congratulate my hon. Friend and the unions that he has worked with on their work on the important issue of protecting agency workers, not only to protect them from exploitation but to ensure that they are not used to undercut the terms and conditions of permanent workers. The Government have issued a consultation paper on the substance of the implementation of the temporary agency workers directive and on the timing of that implementation. We remain committed to it and it will be implemented.

Dr. Evan Harris (Oxford, West and Abingdon) (LD): Has the Leader of the House had a bid from the Home Secretary or the Welsh Secretary for a Bill to proscribe the British National party? I hope not, but is not Mark Thompson, the director-general of the BBC, quite right to say that it is for Parliament to make that decision and that people, including Ministers, should not seek to outsource censorship to the BBC?

Ms Harman: In this country, we are very proud of our commitment to free speech but we are also proud of our commitment to a diverse community and to being anti-racist. The fact remains that the British National party is a racist and divisive party. Its constitution prohibits from membership anyone who is not indigenously Caucasian. That is an apartheid constitution and has no place in British politics. The BBC has made its decision about "Question Time" and no doubt it will reflect on it once it sees the outcome tonight.

Ms Sally Keeble (Northampton, North) (Lab): Is my right hon. and learned Friend aware that Yvonne Hossack, the heroic lawyer who fought off efforts to get her struck off, is now facing her fourth audit in five years and action from Wolverhampton council to get a civil restraint order and costs against her for standing up for a 106-year-old woman? Will my right hon. and learned Friend organise a debate on the supervision of solicitors so that we can talk about this appalling vendetta against a woman who has championed many of the most vulnerable people in this country, including some of my constituents?

Ms Harman: I shall raise that question with my right hon. Friend the Secretary of State for Justice and shall ask him to write to my hon. Friend.

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): May I ask the Leader of the House for a debate entitled "The Recording of Pecuniary Interests by Members Voting"? She will have read Mr. Speaker's statement and will know that I, for example, have a pecuniary interest in Equitable Life. There is no way in which Members who are voting can declare that pecuniary interest. It is very unsatisfactory and the public will not understand it. May we look again at how we can record the fact that we have a pecuniary interest in matters on which we have to vote?

Ms Harman: I will look at the points that the right hon. and learned Gentleman makes, in the context of what Mr. Speaker has said, and write to him. If there are wider implications, there will obviously be an opportunity to issue a written ministerial statement.

Jim Sheridan (Paisley and Renfrewshire, North) (Lab): At its press conference yesterday, the postal workers union made serious accusations that Ministers were part of the external forces interfering in the negotiations over this unfortunate dispute. Will my right hon. and learned Friend arrange for any future statement by the Department for Business, Innovation and Skills to address those accusations?

Ms Harman: I think the Secretary of State has addressed the question of his personal role in the matter. He has said that the position he and the Government had taken was that both sides within Royal Mail itself need to resolve this. This is an industrial dispute that needs to be solved by the management and the unions. That is important for those who work in Royal Mail and for its customers and the organisation's future.

Mr. Nigel Dodds (Belfast, North) (DUP): May we have a debate on early-day motion 2067 on Territorial Army training cuts?

[That this House salutes the service of members of the Territorial Army (TA); deplores the freezing of TA training; notes the adverse impact this will have on generic war fighting capability, morale, recruitment and retention; further notes that the measure conflicts with the Cottam Strategic Review of Reserves published in April 2009 which the Government accepted in full; and calls on the Government to reverse its decision immediately.]

The cuts are having a very detrimental effect. In the early hours of this morning, a bomb was discovered to have been planted at the TA base in my constituency. Reserve forces are of great value to the communities that they serve, especially in Northern Ireland. More than 1,000 men and women from Northern Ireland have served on operational duties overseas. May we have a debate on this important subject, to reinforce the importance of the TA to the Army and our country?

Ms Harman: I strongly endorse what the hon. Gentleman has said about the importance of the TA, both overseas—and especially in Afghanistan—and in all aspects of the work of the armed services. Next week's Opposition day on Wednesday 28 October will give the House an opportunity to debate the Territorial Army.

Paul Flynn (Newport, West) (Lab): There have been 212 British dead, yet the House has never voted on the Afghan war. Is it not time that we did?

Ms Harman: There have been numerous debates and questions on the matter in the House of Commons. The mission in Afghanistan is a multilateral effort that is important for the people of that country. It is also important for making sure that we prevent Afghanistan and Pakistan from becoming areas that breed terrorism that could threaten security in this country.

David T.C. Davies (Monmouth) (Con): Could the Secretary of State for Defence be asked to come to this House to give an urgent statement assuring us that members of the Royal Monmouthshire Royal Engineers and other TA units being called up to go to Afghanistan will continue to be paid for their drill nights?

Ms Harman: The hon. Gentleman's party has chosen the Territorial Army as the subject for its Opposition day next Wednesday. No doubt he will be able to speak about the work of specific regiments in the Territorial Army then.

Mr. Tom Watson (West Bromwich, East) (Lab): A debate on the social impact of the internet and on digital rights would allow hon. Members to consider the profound changes to how UK citizens access goods and services online. For many people, the internet is now an essential service. Does my right hon. and learned Friend consider proposals to cut people off from their internet connection a challenge for the Government? Should the people who are threatened with being cut off not have the right to prove their innocence in a court of law?

Ms Harman: I should like to pay tribute to my hon. Friend for the work that he has done on these issues. Increasingly, we recognise that internet communication is a vital and basic service. I note that it is one of the subjects that could be raised in this afternoon's debate on the reports of the Public Accounts Committee.

Sir Nicholas Winterton (Macclesfield) (Con): Back Benchers in all parts of the House are sick and tired of not being consulted more about the business of the House. A business Committee would go a long way towards solving the problem. If the Committee considering the reform of the House were to bring forward a proposal for such a Committee, would the Government support it?

Ms Harman: We have proposed the establishment of the Wright Committee to the House, and we expect a response shortly. It would be rather odd for the Government to explain their position on a House issue before the Committee involved has even reported, let alone before we have had an opportunity to consult widely across the House. The Committee will make an important contribution: we will consult and, if need be, bring forward resolutions for the House to debate and decide on.

Ms Katy Clark (North Ayrshire and Arran) (Lab): Does my right hon. and learned Friend agree that Royal Mail's decision to bring in 30,000 extra staff in the current dispute is an act of provocation? May I renew the call for a debate on the matter next week, and will she assure the House that the Government are doing everything possible to assist in securing an early resolution of the dispute?

Ms Harman: I will take my hon. Friend's comments as a suggestion to add to those from other hon. Members that there should be a topical debate next week on the Royal Mail dispute.

Mr. Greg Knight (East Yorkshire) (Con): Does the right hon. and learned Lady recall that she welcomed the Procedure Committee's report of July 2008 recommending the introduction of a system of electronic petitioning? A debate was anticipated that autumn, so is it not an absolute disgrace that, 12 months on, we have still not had it? Does she accept that this should be a matter for the House, not the Executive, and can we have the debate soon?

Ms Harman: I pay tribute to work that the right hon. Gentleman, as Chair of the Procedure Committee, has done on this matter. It is important that we take forward the option of e-petitioning. I know that people get exasperated by multiplicities of Committees and great descriptions of process, but the terms of reference set by the House for the Wright Committee include giving the public the opportunity to choose the subjects for parliamentary debates. That could be done by means of e-petitions, so the work that the right hon. Gentleman's Committee has done will no doubt be considered by the Wright Committee. Ultimately, and I hope sooner rather than later, the matter will find its way to the Floor of the House. I understand his concerns, but assure him that he will not have too long to wait.

Richard Younger-Ross (Teignbridge) (LD): May we have a debate on the treatment for wet macular degeneration? I particularly want the Secretary of State for Health to explain why my constituent Mrs. Wilson, who has lost almost all sight in one eye, is unable to get treatment for her other eye until its sight has degenerated to 6/12. When that happens, she will lose her independence and her ability to drive.

Ms Harman: I will draw that question to the attention of my right hon. Friend the Secretary of State for Health. I know that the National Institute for Health and Clinical Excellence approved very important treatment for wet macular degeneration, but I am not familiar with the criteria, under the NICE regulations, that govern the availability of medication. I shall ask Ministers to look into the matter.

Tony Baldry (Banbury) (Con): May we have a topical debate on global food security? If the current harvests in the horn of Africa and east Africa fail, what is a crisis now will become a catastrophe in 2010. It would be

sensible to have a debate to consider how the international community can ensure that the World Food Programme and other agencies have the contingency to prepare for what could well be an extremely difficult situation next year.

Ms Harman: That is another matter that can be discussed when the House debates climate change. It is one reason why it is very important that we make progress in Copenhagen, and the hon. Gentleman might find an opportunity to raise the issue in the debate on 5 November.

Christopher Fraser (South-West Norfolk) (Con): Like other colleagues, I was lobbied by yesterday by firefighters in my constituency who are concerned about the regionalisation of control centres. Not only has the fire control project gone hundreds of millions of pounds over budget, but the Fire Brigades Union has said that financial resources have been stripped away from front-line services. Will the Leader of the House find time in the House for this much-needed debate which, according to her criteria, is more than topical?

Ms Harman: I will take that as a suggestion for a topical debate next week, but it is not the case that front-line services are being stripped back—far from it.

Mr. Alistair Carmichael (Orkney and Shetland) (LD): May we have an early statement from Treasury Ministers to explain to the House what they intend to do to resolve the current dispute between the directors of Lloyds TSB and the directors of the bank's charitable arm, the TSB Foundation? The foundation's chief executive reckons that if the dispute is not resolved, there are seven weeks to go before she has to wind up the organisation, with a massive loss to charitable and voluntary organisations across the country. Surely that is not what Ministers had in mind when they put £20 billion of taxpayer's money into Lloyds TSB.

Ms Harman: I shall reflect on which ministerial team should look into that question. I am not sure whether it should be Cabinet Office Ministers, who are responsible for charities and the Charity Commission, or Treasury Ministers, but I shall write to the hon. Gentleman and let him know.

James Duddridge (Rochford and Southend, East) (Con): May we have an urgent debate on the direct payment of housing benefit? Although it is right for some, for a few people who, through no fault of their own, are disorganised, it is causing chaotic finances, which is especially problematic in the centre of a recession.

Ms Harman: I know that the issue is directly connected with the availability of privately rented accommodation for those on benefits. It has been suggested that it has caused a decrease in the quantity of private sector properties available for rent by those on benefits. We have Department for Communities and Local Government questions next week; perhaps the hon. Gentleman will find an opportunity to raise the matter then.

Philip Davies (Shipley) (Con): In the light of the Office for National Statistics figures showing that this country's population will grow by 10 million in the next 25 years, and that two thirds of the increase will be the result of immigration, may we have an urgent topical debate on immigration? It is not the BBC's fault that the BNP is on "Question Time" tonight; it is the fault of this Government, who have allowed uncontrolled immigration and will not even debate the subject.

Ms Harman: We have not allowed uncontrolled immigration. We have implemented new border controls through the work of the UK Border Agency and introduced a points system and new biometric visa processes. It is the case that between now and 2035 the UK population is set to grow by 16 per cent., but that compares with world population growth of 24 per cent., so our population growth rate will be lower than the global rate. People are living longer and the context is that of global migration. I hope that the hon. Gentleman will join me in recognising the major contribution to this country that immigrants have made over the centuries and are making now. He can ask his question again during Home Office questions next Monday.

Mr. Philip Hollobone (Kettering) (Con): This is the time of year when all three emergency services and local accident and emergency units prepare themselves for the thousands of cases of harassment, alarm, distress and physical injury caused by the sale and inappropriate use of fireworks. May we have a debate in Government time on fireworks nuisance? If not, will the right hon. and learned Lady support my application for an Adjournment debate on that very subject?

Ms Harman: I am sure that the hon. Gentleman will take forward his application for an Adjournment debate, and I wish him success with it.

John Mason (Glasgow, East) (SNP): May we have a statement on who will be in the delegation to Copenhagen? In particular, will Scottish Ministers be represented, given the fact that Scotland has very high climate change targets?

Ms Harman: The Prime Minister of the UK will attend Copenhagen, as well as UK Department of Energy and Climate Change Ministers. We will have a top-level delegation at that very important conference, whose agenda we played a major part in setting.

Mr. Mark Harper (Forest of Dean) (Con): May I take the Leader of the House back to her answer to the hon. Member for Oxford, West and Abingdon (Dr. Harris) about the BNP? I am sure that every Member of this House shares her dislike of that party, but the fact is that it managed to get nearly 1 million people in this country to vote for it. If we are to change that and defeat the BNP, do we not have to take on its representatives, deal with their arguments and beat them in debate? Is not that the democratic way to defeat that evil party?

Ms Harman: We must make sure that the criminal law that protects people from racial attack and racial hatred is properly enforced, that we tackle the myths and lies about immigration put out by the BNP, and that we celebrate the role that immigrants have played in this country. We have to reassure those communities who feel that they are not listened to that their concerns, particularly about jobs and housing, are on our agenda.

Mr. Mark Lancaster (North-East Milton Keynes) (Con): May we have a debate on education and the impact of retrospective funding arrangements on areas of high growth, such as Milton Keynes? This year, record numbers of parents have contacted me about being unable to get their child into a local school. Is it right that children should have to travel across a whole city just to go school?

Ms Harman: I shall bring that to the attention of Ministers at the Department for Children, Schools and Families and ask them to write directly to the hon. Gentleman.

Points of Order

12.15 pm

Ms Sally Keeble (Northampton, North) (Lab): On a point of order, Mr. Speaker. I understand that you are looking at making arrangements for the Secretary of State for Business, Innovation and Skills to come here to answer questions. Will you include in your consideration the Secretary of State for Transport, as well? He does not answer questions here and does not come to our constituencies, so there is no way in which we can hold him publicly accountable for a major public service.

Mr. Speaker: I am grateful to the hon. Lady for her point of order. The question of the accountability to this House of Ministers in the other place is indeed under active consideration. As the House would expect, if and when there is anything to report on that matter, the House will be the first to hear.

Mr. Andrew Turner (Isle of Wight) (Con): Further to that point of order, Mr. Speaker. Would you be happy to allow the noble Lord Mandelson to answer questions here, but standing beyond the Bar and not in the House?

Mr. Speaker: Far be it from me to suggest that the hon. Gentleman is seeking to inveigle me into a wider exchange than would be proper. I can only refer him to the exchange I have just had with the hon. Member for Northampton, North (Ms Keeble). The matter is under active consideration; a view will be reached; the House will learn what that view and conclusion are; and therein will lie the answer to the detailed question posed by the hon. Gentleman.

Economic Recovery

Topical debate.

12.16 pm

The Economic Secretary to the Treasury (Ian Pearson): I beg to move,

That this House has considered the matter of securing economic recovery.

The world economy is forecast to shrink by 1¼ per cent. in 2009—the first time it has contracted in 60 years. To fight the global downturn, we, with countries around the world, have stepped in to support our economy. In the 1930s, Governments failed to act, with disastrous consequences. Unlike the Bourbon monarchy and today's Conservative party, we have learned the lessons of the past, which is why we took unprecedented action to put more money into the economy, to help to support families and businesses now, to protect jobs and to ensure a sustainable recovery.

Mr. Desmond Swayne (New Forest, West) (Con): When the recovery starts—I hope it is starting even now—one of the principal difficulties faced by small businesses will be the need for working capital. The Economic Secretary will be aware that the Chancellor has already announced means by which small businesses' cash-flow difficulties can be addressed during the regression, in particular, through the deferment of taxes. The right hon. Gentleman made it clear that that included national insurance and other payroll taxes, but I can think of no other payroll tax than pay-as-you-earn. Is PAYE included in those provisions?

Ian Pearson: The hon. Gentleman will be aware that more than 150,000 businesses have already benefited from the flexibilities operated through the business payment support system. That system, which covers payroll taxes and deferment of VAT payments, has been widely welcomed by industry and is a major success.

In the terms of today's debate on securing the recovery, the fact that the downturn is global has meant that we need global action, as well as action on the home front. That is why the Prime Minister and the Chancellor have led the G20 in taking action to stop banks failing, agreeing to strengthen the international financial system, and taking other measures to help to secure the global recovery. Politics is about judgment. Government is about taking decisions. As a Government, we could have allowed Northern Rock to fail; we could have decided not to take powers through the Banking (Special Provisions) Act 2008 to manage the crisis and not saved Bradford & Bingley; and we could have made the political judgment that what was needed was the complete deregulation of all mortgage markets. They would have been the wrong decisions to make in order to protect jobs and people's savings, yet they were the exact policies that the Opposition advocated at the time.

Mr. John Redwood (Wokingham) (Con): Will the hon. Gentleman give way?

Ian Pearson: Perhaps the right hon. Gentleman would like to justify his party's position, which has been completely wrong.

Mr. Redwood: I advised the Government and the Bank of England, long before the run on the Rock, that they needed to act as lender of last resort to ensure that there was no such tragedy. Why did they not do that? Why did they help to bankrupt that bank?

Ian Pearson: The right hon. Gentleman cannot get away from the fact that his party would have allowed Northern Rock to fail, because that was its stated view at the time; that it opposed the 2008 Act, which gave us the measures that were required to intervene in the case of Bradford & Bingley; and that, as he knows, just before the financial crisis his party made statements about the need for the complete deregulation of the mortgage market. They were not responsible judgments, and, overall, this is a matter of judgment.

Mr. Redwood: Will the hon. Gentleman give way?

Ian Pearson: I shall happily give way again to the right hon. Gentleman, because I know that he does not agree with much of what his party says, but he is always an interesting person to listen to.

Mr. Redwood: The Minister really should withdraw his remark about mortgages; the economic advice given was that we did not need the process regulation on mortgages, but needed tougher regulation of cash and capital, because we could see the tragedy coming. Now, will he apologise?

Ian Pearson: I shall certainly refer the right hon. Gentleman to the public statements made by Opposition Front-Bench spokesmen, which are a matter of record.

If we can move on to where we are today—

Ms Sally Keeble (Northampton, North) (Lab): Will my hon. Friend give way?

Ian Pearson: Before we move on to where we are today, I shall give way to my hon. Friend.

Ms Keeble: Does my hon. Friend agree with the reports by the Treasury Select Committee, which scrutinised the issue? Although we on the Committee found that complex considerations were at play, we did not find that people had given advance warning of the crisis, and we supported the Government's measured approach to many of the issues—in particular, their support for the banking industry.

Ian Pearson: My hon. Friend is absolutely right to refer to the Treasury Committee's work, and to the fact that its considered judgment supported the actions that we took. The powers that we took through the 2008 Act, and the actions that we took on Northern Rock and subsequently, were right.

Politics is about judgment and government is about making decisions, and the Government's judgment now is that it is right to support businesses and people through these difficult times. That is why we have taken action, for instance, on cutting VAT, putting an additional £1 billion each month into the pockets of shoppers and retailers; it is why we are spending £5 billion more on helping people get back to work; and why we are helping 300,000 people with their mortgages, helping

[Ian Pearson]

them to stay in their homes. We have supported the car industry through the scrappage scheme, provided additional support for business generally and, as I said earlier, given 150,000 companies more time to pay their bills.

Mr. Philip Hollobone (Kettering) (Con) *rose—*

Mr. Greg Hands (Hammersmith and Fulham) (Con) *rose—*

Ian Pearson: I shall happily give way to the Opposition Front-Bench spokesman.

Mr. Hands: The Minister threw out a large number of accusations about the Opposition's policies and said that we had not learned from the past. Will he therefore tell us which mistake he learned from when he decided to embark on a Government borrowing programme of £500 million a day?

Ian Pearson: I have not finished explaining how the Conservatives have absolutely failed to make the right judgments to help people and businesses in Britain through these difficult economic times.

I shall move on, however, and discuss borrowing and fiscal consolidation, because they are important issues. When we discuss them, we expose the fact that the Opposition have failed to make the basic judgments that are in the best long-term interests of the British people. We could have taken the decision to do nothing and let the recession run its course, which the Opposition, given their stance against the fiscal stimulus, consistently say they want us to do. However, that would have led to far higher unemployment and far more business failures. Our choices and actions are working, and, as the Chancellor has consistently maintained, they will help to deliver a return to growth around the turn of this year.

Christopher Fraser (South-West Norfolk) (Con): The Minister will recall that on Monday we had a very similar debate, tabled by the Opposition, in which Opposition Members spoke at some length and in some detail about our genuine concerns for business and enterprise in our constituencies. All the time, the Secretary of State for Work and Pensions conceded my point to her that she had not listened to the debate and was out of the Chamber. I asked her directly whether she would come back to us with written responses to the direct problems that we are suffering from in constituency by constituency.

Mr. Speaker: Order. I say to right hon. and hon. Members that, in any event and in all circumstances, an intervention should be brief, but, when we are talking about a topical debate, there is a particular onus and responsibility on Members to keep it short.

Ian Pearson: I am certainly aware of Monday's Opposition day debate, which focused on welfare and its role in securing the recovery. Today, we are talking about securing our economic future, and our measures to achieve that, which the Opposition opposed, are working. The International Monetary Fund, the National Institute of Economic and Social Research and a majority of City forecasters agree that the economy should begin to grow by the end of the year. However, there are still uncertainties and risks to confront, and no country can be complacent. Unemployment is rising here and throughout the world, and we have to see the problem through. I think that it was Churchill who said, "When you are going through hell, you must keep going," and that is why at the Pittsburgh summit the G20 agreed that it was too soon to withdraw fiscal support—support that the Opposition do not even want to provide. Yet again, that agreement is in stark contrast to the Conservatives' argument today.

Joan Walley (Stoke-on-Trent, North) (Lab): Given the unprecedented challenge that we face in dealing with climate change, what are the Government doing, as we go through the recession and try to restore employment, to ensure that we have a green economy and sustainable environmental growth alongside the economic recovery?

Ian Pearson: My hon. Friend is absolutely right to point out the need to create green jobs in supply chains and to tackle the major climate change issues that the world faces, while providing employment opportunities in the United Kingdom. I hope to explain in more detail how we will address that. It is important that, until the recovery is entrenched, we continue to help businesses and families who are struggling to deal with the impact of the downturn.

Mr. Andrew Love (Edmonton) (Lab/Co-op): This is an apposite moment for my hon. Friend to give way, because I did not want to leave the subject of the stimulus without recording the horror of all independent commentators at the thought that the priority of any incoming Conservative Government would be the deficit, rather than securing the growth that is absolutely necessary if Britain's economy is to survive and thrive in the future.

Ian Pearson: My hon. Friend is absolutely right. We need to focus on the future and the steps that we need to take not only to get us through the recovery in the best possible shape, but to ensure that we lay firm foundations so that the UK can be competitive in the future.

As the world's economy emerges from the downturn, major new opportunities for British businesses will emerge, including, as my hon. Friend the Member for Stoke-on-Trent, North (Joan Walley) said, initiatives to green our economy. However, global competition is getting tougher, technological change is always accelerating and, as other countries invest and raise their skill levels in high-value sectors, we cannot afford to stand back. That is why we must continue to invest to ensure a sustainable future and to build our future economic strength, as my hon. Friend the Member for Edmonton (Mr. Love) rightly said.

Mr. Jim Cunningham (Coventry, South) (Lab): The Minister, like me, is a west midlands MP. What is he doing to try to stimulate the west midlands economy, particularly manufacturing? To give him credit, I must say that he has done a lot for the car industry, but will he say something about small businesses and so forth?

Ian Pearson: The west midlands is an important part of the UK economy, and the fiscal stimulus measures that the Government are taking are all helping our industry. My hon. Friend will be aware of the scrappage

scheme, which has been widely welcomed in the west midlands. The region has had a very tough time during the economic recession, suffering more than many others in the economy, and that is why it is fundamentally important that we continue to up our skill levels in the west midlands and, more broadly, throughout the United Kingdom. That is also why we continue to support our companies. Those policies and spending decisions—the judgments that we are making—would be placed under threat if we followed the judgments of the Conservatives, who just want to cut, cut and cut again.

Jim Sheridan (Paisley and Renfrewshire, North) (Lab): Will the Minister expand on his earlier statement about helping some 150,000 small businesses by allowing them time to pay their bills? Does that also apply to Her Majesty's Revenue and Customs, which is pursuing companies in my constituency that are keen to pay their taxes but are experiencing short-term cash-flow problems? Does HMRC go out of its way to help those small businesses?

Ian Pearson: Yes, HMRC has been extremely active in wanting to work with companies and defer payments where that can help a company and provide it with the breathing space that it needs. As I said, more than 150,000 businesses have benefited, and a figure in excess of £2.3 billion has been deferred in the way of tax. If my hon. Friend has specific examples of companies with problems and wants to talk to me about them, I will ensure that they are investigated. If support can be provided to viable businesses through deferring tax payments, that is what should be happening. I am happy to take that forward with him directly.

Mr. Nigel Dodds (Belfast, North) (DUP): The Minister is talking about what can be done to get us through the current difficulties. Was he alarmed by the comments made by Mervyn King the other day when he said that the lessons have not been learned by the banking sector and that we could find ourselves in this situation again? Getting through this banking crisis is one thing, but what has been done to ensure that we do not get into another one in future?

Ian Pearson: The Government have already taken steps internationally and domestically, through regulation by the Financial Services Authority, to deal with the banking crisis. The Governor of the Bank of England, the Treasury and the FSA—the tripartite authorities—are absolutely committed to ensuring that we do not return to the past. We have said very publicly that it cannot be business as usual for the banks. In his speech on Monday, the Governor posed some interesting questions as part of a general debate. We have some differences of opinion on separation, but in essence there is not a lot of difference between what he is saying and what the Government believe in terms of the actions that are already taking place—and there is more action in the pipeline, as the hon. Gentleman will be aware.

Mr. Jim Cunningham: Coming at this from a different angle, can the Minister give some indication of when the banks will start paying back the money that taxpayers loaned them in the first place, and whether any bank, to date, has done that?

Ian Pearson: As the House will be aware, we have significant stakes in Royal Bank of Scotland and Lloyds Banking Group. We have clearly stated that we want those entities to be returned to the private sector, and I am sure that that will happen in due course. However, there must be an orderly process. We must first sort out the problems in those banks, and we will then ensure that they are returned to the private sector at a time and in a way that delivers best value for the taxpayer.

Looking to the future, we have ambitious plans for investing in skills in our work force, boosting research and development, and rolling out high-speed broadband. Among a range of actions, we have said that we will guarantee a job or training place to 18 to 24-year-olds out of work for a year.

I want to stress to the House that we are continuing to invest in Britain's critical national infrastructure at this crucial time as we recover from the current crisis. That will be fundamental to underpinning our country's economic future. As we set out in the Budget, following almost a decade of rising capital investment, net investment next year—£36 billion—is close to that spent in 2008-09; and in 2011-12, well into what we hope will be a recovery, it will be close to that spent in 2007-08. That investment, which would be cut if the shadow Chancellor had his way, is providing much-needed support to thousands of UK construction workers. Meanwhile, the Conservatives have a warped sense of priorities in wanting to give a £200,000 tax cut to the 3,000 wealthiest estates.

It was, and continues to be, the right judgment to support families, businesses and jobs to get through the downturn as soon as possible and in the best possible shape. It was also the right decision to prevent the collapse of the banking system, because the impact of a collapse on households and businesses would have been catastrophic. It is right, too, to invest in Britain's future. But we also have to make the tough decisions to take action on the deficit once the recovery is secured. We must live within our means, because money will be tighter in the years to come, and that means that choices will be even more important. We have already set out a responsible reduction plan to halve the deficit over four years, we have announced tax increases for those on the highest incomes that will take effect once the economy is growing again, and we will take the tough decisions on public spending for the years ahead. We are determined to take a responsible approach to reducing the fiscal deficit that will not damage the public services on which people rely. We will cut costs and unnecessary programmes, but continue to invest in front-line services. These decisions will be based on our values of fairness and responsibility. We will continue to make the right choices for recovery and for Britain's future.

The shadow Chancellor's judgment has been wrong throughout the financial crisis: wrong on deregulation, wrong on Northern Rock, and wrong on the fiscal stimulus. Now his policies would kill the recovery, cutting support at the worst possible time for the economy and for people in Britain. Winston Churchill once said:

> "Success is the ability to go from one failure to another with no loss of enthusiasm."

Judged by that yardstick, the shadow Chancellor is a success. However, I think that the general public will increasingly want to question his judgment over the coming months, and we certainly relish that debate.

12.37 pm

Mr. Greg Hands (Hammersmith and Fulham) (Con): That was an extraordinary speech from the Minister, full of quotes from Winston Churchill without quite the style to match them. He provided an incredible example of retro-politics. It is as though he has gone back to the position that the Government held back in the spring, which was to deny the fact that there were any problems with public sector borrowing and the public sector deficit. Indeed, his only mention of the C-word—cuts—was in relation to Conservative policies rather than his own. As was confirmed by the Prime Minister's conference speech, we seem to have gone back in time to when the Government's own figures strongly laid out the fact that cuts would have to be made.

Conservative Members very much welcome this opportunity to debate the economy. Too often in the past 18 months, the Chancellor and his helpers have sought to avoid debate or tried not to be here for the debates held in Opposition time. My right hon. Friend the shadow Leader of the House noted earlier that only four Labour Members spoke in the full Opposition day debate on the economy on Monday. I await with interest how many we will have today.

Mr. Swayne: I think that my hon. Friend is rather harsh. I can understand Labour Members' unwillingness to attend given that when Ministers are asked perfectly straightforward questions they do not give an answer. I asked the Minister a perfectly straightforward question about PAYE, and he avoided answering it. Why should Labour Members turn up? They have got the message and gone elsewhere.

Mr. Hands: My hon. Friend makes the point precisely. Labour Members are so disheartened by the Government's performance in the spring, during the party conference season and in the debate on Monday that they have voted with their feet.

Let us be clear about one thing: the Government arranged this debate because they think that there is light at the end of the tunnel. We would welcome that, so let us hope they are right, but we should also be absolutely clear that until now the tunnel has been very long and dark indeed.

Mr. Hollobone: Unemployment in Kettering constituency is now twice what it was when the current Government came to power. Why does my hon. Friend think the recession has been deeper and longer in Britain than in any of our major competitors?

Mr. Hands: My hon. Friend makes an interesting point, and I shall discuss unemployment in due course. The Government prepared us poorly for the recession that was coming. The Prime Minister boasted of having abolished boom and bust, but I am afraid that we have now had the biggest bust of the lot.

The third quarter gross domestic product figures, which will come out tomorrow, may well show quarter-on-quarter growth, and we very much hope so, but we should still bear it in mind that Britain will have come out of recession much later than our economic partners and competitors. Germany, France and Japan all showed growth in the second quarter of this year, and the UK remains the only economy for which the OECD is predicting no growth at all this calendar year, although we hope that it is wrong about that.

Unemployment has risen faster here than in Germany, France, Japan and 16 other OECD countries, and Members will be aware of rising unemployment in their constituencies. We have already heard from one Member about that. Members will be especially aware of the appalling level of youth unemployment, which features prominently in the House Library briefing on economic indicators published earlier this month. It is massively higher than in the previous recession. In the early 1990s, 19 per cent. of those aged 16 to 17 were unemployed. Now that figure is 34 per cent. The figures are higher today also for those aged 18 to 24. As we have said in previous debates, the cost of this recession in youth unemployment has been severe, and getting young people into work will be one of the priorities for the next Conservative Government.

Mr. Love: Given the litany of evidence about the state of the economy that the hon. Gentleman has put forward, how can it possibly be sensible or economically literate to withdraw the stimulus at this time?

Mr. Hands: I thank the hon. Gentleman for that perfectly reasonable question. I shall come on to describe how we can both put the public finances back in order, or on the right path, and do something to help the economy along.

Regionally, the unemployment picture varies. According to the Library, the biggest percentage rises in unemployment have occurred in the west midlands and the south-west, by 71 and 72 per cent. respectively year on year. Those of us who remember the past two recessions will find it interesting that the west midlands now has the highest rate of unemployment of any nation or region of this country, at 10.5 per cent. The north-east is at 9.5 per cent., and London is third at 9.2 per cent. The latter two regions have shown smaller increases, meaning that both are suffering from the longer-term blight of unemployment during the years of economic growth of the 1990s and this decade—yet another sign that Labour failed to fix the roof when the sun was shining.

To return to the question of when the economy will start to grow again, we have always said that we expect growth in 2009. Nevertheless, even the predicted quarterly growth of 0.1 or 0.2 per cent.—we will know the figure for sure tomorrow—would mean that the economy has contracted by 4.7 per cent. year on year. That is no cause for celebration. Moreover, whether or not there is small quarterly growth tomorrow, the figures are already overshadowed by the appalling Government borrowing numbers that reached us on Tuesday. Britain borrowed £14.8 billion in September, the highest total ever for that month, capping off a third quarter of astonishing profligacy by the Exchequer. That is overspending of almost £500 million a day. That is like each taxpayer in Britain coming home every day and saying that they have just gone and borrowed another £20, without any sense of when the previous day's £20 will ever be repaid, let alone the interest on the previous borrowing.

Government borrowing rose to £77.3 billion in the first six months of this financial year, more than double the already high level of debt racked up in the same period the year before. Over the 12 months to September,

net borrowing was a massive £128 billion, up from an already high £47 billion in the year to September 2008. The public finances have been whacked by a double whammy of falling tax receipts and rising Government spending. Tax revenues have fallen 10 per cent. to £219 billion from £244 billion in the past six months, while Government spending has risen by an inflation-busting 4.8 per cent. from £266 billion to £279 billion.

Labour Members may claim that those appalling figures are not relevant to the question of economic recovery. I believe the Minister was saying that the deficit was somehow an entirely separate matter from whether Britain will have a proper economic recovery, but the two are very much linked, as I shall explain in a moment.

How can we secure a sustainable recovery? As we have said repeatedly this year, there are three essential aspects of any recovery: fiscal responsibility, monetary activism and supply-side reform. First, on fiscal responsibility, we need urgently to get a grip on our public finances. That much is obvious, except to the Prime Minister and Labour Front Benchers. That is vital in its own right, but it is also important when considering how to keep interest rates down, which will be a crucial part of our economic recovery. Huge Government borrowing will eventually push up interest rates, and the most recent figures that I have seen for the quantitative easing programme suggest that far more gilts and other fixed-income securities have been bought back than issued so far this year. Once QE has been wound up, as it must be in due course, we will need to keep a careful eye on the gilt market and other markets in which the UK might find investors for Government debt.

Our deficit is the worst of any major country. The Government sometimes say that we do not need to worry, as Government debt in the UK as a percentage of GDP at 59 per cent. and rising is still below that of Japan at 188 per cent., Italy at 116 per cent., Germany at 78 per cent. and France at 77 per cent., and only marginally above the rate of the United States at 54 per cent.

Mr. Redwood: Will my hon. Friend confirm that the Conservative Opposition are urging the Government not to do more quantitative easing?

Mr. Hands: I am not saying that, I am saying that QE will have to come to an end when the timing is right. Some of the tactical and practical details of QE are best left to the Bank of England.

To return to the deficit as a percentage of overall GDP, the crucial point is that if we divide the percentages that I mentioned by each country's domestic savings ratio, we find that we are actually in a far worse position than other countries, and possibly even than Japan. All that is before we consider any of the off-balance-sheet stuff. For some time we have had the problem that the UK gilt market is greatly exposed to weak domestic savings. Unless British households can start saving in a way that they have never done before, gilt issuance will depend on foreign demand.

In the short term, both official and market interest rates are low at the moment, but enormous care is needed. Forward interest rates such as forward rate agreements—in other words, where the market thinks rates are headed—are much higher than short-term rates. In fact, the multiplier of long-term rates, at about eight times the level of short-term rates, may be at a record level. As I have said before from the Dispatch Box, it is worth remembering that a 0.5 per cent. increase in interest rates is far more significant when rates are low than when they are high.

The market has already anticipated substantial rises in interest rates, and even before any such rises have taken effect, the Treasury itself projects that debt interest will rise from £22 billion to £67 billion per annum. Obviously that bill will rise substantially if interest rates rise significantly. That is another reason why fiscal responsibility is so important for our economic recovery. If the Government continue to borrow uncontrollably, not only will the interest rate bill rise substantially and potentially unsustainably but the public sector will crowd the private sector out of the credit market. Members of all parties rightly urge the giving of more credit to small and medium-sized enterprises, but that will be made much harder if we do not get a grip on the public finances, because the state will crowd the private sector out of the market.

Jim Sheridan: The hon. Gentleman mentioned the possibility of increased unemployment. Does he accept that if his party were elected and carried out the cuts to public services that it proposes, that would create unemployment in the public sector?

Mr. Hands: No, I do not accept that at all. In fact, we have laid out a quite extensive set of proposals to get Britain working again that are perfectly compatible with doing something about the appalling condition of our public finances. We have to recognise that we can do both—we need to do more with less.

Christopher Fraser: Does my hon. Friend agree that businesses not Governments create jobs? The simple fact is that Governments must create the environment in which business can thrive, and not create artificial jobs just to massage the figures.

Mr. Hands: My hon. Friend is absolutely right. He makes that point extremely well, and I wholly concur.

Mr. Love: Will the hon. Gentleman give way?

Mr. Hands: No, I am going to make a little progress.

Specific measures to help us out of the recession have been outlined by the shadow Chancellor for some months now. A few weeks ago, we published our proposals to do something about Labour's jobs crisis: "Get Britain Working" offers a new, integrated welfare-to-work initiative. This year has seen the highest increase in unemployment on record, with more than 2,000 people a day losing their jobs. We have a comprehensive programme, including tax incentives for micro and small businesses to take on new staff, which we believe will incentivise businesses to create around 60,000 new jobs.

The shadow Chancellor announced two weeks ago a set of proposals to get the public finances in better order. At the same time, we remain committed to real help now in the form of our £50 billion national loan guarantee scheme and funded cuts in corporation tax.

Mr. Love: The shadow Chancellor's speech to the Conservative party conference laid out savings of the order, I think, of £7 billion. In the context of the debt figures that the hon. Gentleman has been giving, that is a pinprick. We hear all this talk about fiscal responsibility. Will he lay out for us today where that fiscal responsibility will impact?

Mr. Hands: I thank the hon. Gentleman for that, but it was not as good as his last question. He is being a bit churlish, because the Government have failed to outline more than a tiny amount of savings that might be made in public finances. The shadow Chancellor—

Mr. Love: You are the enthusiasts!

Mr. Hands: If the hon. Gentleman will let me speak, the shadow Chancellor laid out pretty clearly a menu of different things that a new Conservative Government will introduce. He did not at any point say that it was an exclusive list, but it was intended to give a direction of travel and to show the rough, overall approach that a Conservative Government would take. It is too early to lay out one's plans in full, not least because we do not know what appalling inheritance we are likely to have. That is partly a result of the Government's failing to face up to the simple facts of the budget deficit.

As I said, we have also published longer-term proposals for the economy, entitled "Reconstruction: Plan for a Strong Economy". When it comes to supply-side reform, no single policy can achieve everything, but we have begun to set out a programme of reform that I believe will be no less radical than the one that restored the UK's economic competitiveness in the 1980s and in the 1990s.

We need to save and invest more for the longer term, and achieve a model that is both greener and more sustainable. Most of all, we need to send a powerful signal that Britain is still open for business. With the right combination of monetary activism, fiscal responsibility and supply-side reform, we can rebuild confidence in the British economy and take full advantage of recovery.

That is the Conservative strategy for the recovery. It is the only sustainable route from austerity to prosperity. The other choice—the Government's choice—is a recovery built on yet more debt and yet more Government spending, which is just like an economic boom built on debt. It is living on borrowed time; a course which, in the name of patriotic duty, must be rejected.

12.53 pm

John Thurso (Caithness, Sutherland and Easter Ross) (LD): Those of us who were working or in business during the recessions in the '70s, '80s and '90s will remember not only the immense damage that was done to our businesses and the time it took to recover and get back to growth, but the social evils that followed from the unemployment caused at those times. Therefore, to me, securing economic recovery is of the first importance, not simply so that businesses can get back to business, but so that the social evils that follow from unemployment and other effects of the recession can be minimised and mitigated.

In the short time available to me in the debate, I shall look at three matters. First, as has already been discussed, a precursor to any attempt at securing a recovery is the restoration of financial stability: creating a banking system that is effective and fair, with the minimum of systemic risk. The second issue is restoring growth in the economy, which is about the financial stimulus and the right moment to put the brake on; and the third issue is restoring order to the public finances and dealing with the deficit.

Mr. Redwood: I feel very sorry for the hon. Gentleman. There are no other Liberal Democrats in the Chamber. Does he have no friend to come and hear his words of wisdom?

John Thurso: As is often the case, my party is represented by quality rather than quantity, which I might say.

To return to financial stability and banking, the recession is a direct result of a financial crisis. The Government were absolutely right to launch a rescue. That is not to say that they are not culpable for the reasons we arrived in that position—that is not today's debate—but they were right to restore stability in the financial system. The real test now is whether that simply leads back to business as usual, and after being rescued the banks go back to big bonuses and ever more innovative instruments, and we start the whole merry-go-round again, or whether we come out of this with a refreshed banking system that is more responsive to the needs of commerce and industry.

I have a strong belief, which I stated at greater length in Monday's debate, that one impact of what happened in the banking system was the use of the resource of capital in unproductive speculation rather than investment in either equity or debt in commerce and industry. I would like that to change under a rejuvenated banking system.

I was interested to hear the comments made by the Governor of the Bank of England in Edinburgh, because they happened to mirror what I have felt for some time. We need a return to a narrower form of banking and to segregate banks whose principal role is the provision of prudent lending for commercial purposes from those whose primary role is to take appropriate risk in investment. My argument is not about utility versus casino, but about the two separate cultures that are required in such institutions. If they are mixed together, one simply gets the worst of all worlds.

Mr. Love: Is not the real problem with the Governor's proposal the same as that highlighted by the Opposition—namely, that there is no international agreement on a return to Glass-Steagall or something approximating it? Without such international agreement, it will be impossible for the UK to go ahead.

John Thurso: The hon. Gentleman, who is my colleague on the Treasury Committee, tempts me into a debate for which I do not have time. Suffice it to say that I believe it possible to construct institutions in this country that can compete very effectively internationally. I think Glass-Steagall is old language. "Narrow bank" is also difficult language, but such banks would have a separation of functions and would be more commercially viable. I would start—I encourage the Treasury to think about this—by taking Bank of Scotland out of the Lloyds group and putting competition into Scotland by making it independent. I suspect that Europe may well ask the Treasury to do that anyway.

On my second point—restoring growth—the Government have given us a blizzard of schemes throughout the recession, ranging from the rank failures of the automotive assistance scheme and the credit insurance scheme, through to the enterprise finance guarantee scheme, which is muddling along, and up to some quite good schemes such as scrappage. However, the characteristics of the schemes have been headlines and public relations, with money not effectively getting out to the companies that need it.

I reiterate what I said on Monday: the single biggest factor in rejuvenating the economy—the one thing that businesses in my constituency have cited as a real help to them—is the devaluation of the currency and the fact that we are now that much more competitive in our exports. That is of course nothing to do with the Government and carries its own risks in the future. We have seen the first minuscule shoots of hope appearing, but there is a real danger of a double dip. I remember the recession in the early 1980s, when the brakes went back on in 1981. That was too soon, and we went back into recession. It would therefore be wrong to end the fiscal stimulus too early. There is a balance of risk, but there is a larger risk in ending the financial stimulus too early than in ending it too late.

The deficit problem is worse than it was in the 1940s, when we came out of the second world war. The deficit then was larger, but it was mostly dealt with by being inflated away, and that is not an option that is open to us this time. It is clear that cuts, and quite large cuts, are needed in public spending, but there is a difference between cuts in public spending that have a direct impact on front-line services and cuts in expenditure planned for the future, such as ID cards—an expenditure that we do not need to make. My hon. Friends have suggested that the Trident programme is another area for cuts.

Mr. Love: Is not what we have lost in this debate about public expenditure the role that a return to growth can have in solving some of these problems?

John Thurso: The hon. Gentleman makes the point that I am coming to in a moment.

We will be living beyond our means, and cuts in public expenditure are inevitable. We need a grown-up debate to decide where they should fall. Increases in taxation will almost certainly also be necessary.

The really important thing is to get the recovery going to improve the employment situation. We need employment that comes from sustainable jobs, and such jobs will be grown by business, not created by the Government. The Government's job is to create the conditions under which business can flourish, but it will be business that actually creates the jobs. As we move to recovery, we need to put in place the mechanisms to assist businesses to grow, and I outlined some of those in the debate on Monday. The creation of mechanisms by which small businesses in particular can obtain access to affordable finance and capital rank at the very top of what is required. The Government have a track record of ineffective schemes for business. Businesses, especially SMEs, want a properly functioning, fair and well-regulated banking system. We would create the fertile conditions that would enable British business to lead us into a secure recovery.

1.3 pm

Mr. John Redwood (Wokingham) (Con): I remind the House that I have business interests in manufacturing and investment management, but I am obviously not speaking on their behalf today.

In the debate on Monday, I said that we needed to make the banks more competitive and change banking regulation at the bottom of the cycle, which is where we are now. Unless we make the banks work, we will not have a sustainable recovery. I drew attention to the grotesque distortion in the economy, in that we have very easy money at very low rates of interest for the public sector, created by quantitative easing, but a dreadful shortage of money, and high interest rates for those who can get money for the private sector. That is why we will not have a vigorous and sustained recovery such as those in China and some other big economies around the world. I hope that the Minister will bear that in mind and that the Government will do something about it, because we all want to see more jobs, more prosperity and a quicker return to the levels of economic activity of a couple of years ago. We will not get that unless we fix the banks.

There is another huge imbalance in the British economy that has to be adjusted in the years ahead if we are to have a return to prosperity and sustainable growth. The big imbalance that the Government's policies have allowed to occur is that we are borrowing too much, consuming too much and importing too much, but saving too little, investing too little, making too little and exporting too little.

Let us start by looking at the parlous plight of manufacturing. The sector has been squeezed and squeezed under this Government. They came to power with the best of intentions. They said that they wished to reverse the long-term trend downwards of manufacturing as a proportion of our economy. They said that they wished to reverse the balance of payments difficulties that had been experienced from time to time under Governments of both political persuasions in the previous 30 years. The Prime Minister, as an Opposition spokesman, used to specialise in going through the balance of payments figures every month and drawing attention to what he thought were unsatisfactory levels of excess imports over exports, especially in manufacturing. Well, the deficits that we were then running were tiny in comparison with the monumental deficits that we are now seeing month after month. We cannot go on like this. It is most important that activity is shifted away from consuming, importing and spending into producing, making and selling abroad.

The Government have not been good for manufacturing, which is now only 13 per cent. of our total economy. However, I am pleased to say that we have some fine companies and good performance in certain sectors. Two sectors in which British performance has been good are pharmaceuticals and aerospace and defence engineering. Those two sectors have some characteristics in common: they employ a lot of talented people, they spend a lot on research and development, they have high returns on sales in normal times, and they have a lot of public purchasing, providing them with demand and activity for their factories. NHS purchasing is an important element of the demand for the leading pharmaceutical companies

[Mr. John Redwood]

that have come here, expanded here or grown here. We also have a monopoly purchaser of defence hardware in the UK.

One of the things that is most disappointing is how little intelligent purchasing there is in other areas to provide that kind of enthusiastic support—not a free lunch or subsidised purchasing—to sustain more industries on the back of the huge sums that the Government are spending. For example, we have had a substantial train investment programme in recent years, much of it financed by public subsidy. Much of that work has gone abroad. Was it not possible for Ministers to apply competitive purchasing but ensure, as other countries do, that those purchases benefit domestic manufacturers and create opportunities for people to set up and make things here in the UK? Why is it that so many quango chiefs, civil service chiefs and Ministers run around in foreign-manufactured cars? Surely competitive products can be found from the extremely good British factories. Many of them are owned by foreign companies, but that does not matter. The important point is that they employ people in this country and the value is added here. Why are we not able to make more intelligent use of our purchasing?

Christopher Fraser: Does my right hon. Friend accept that apprenticeship schemes are enormously important as a source of training for businesses and to enable young people to enter the work force? Because of the bureaucracy that businesses, especially manufacturing businesses, are under, they are unable to take on vital new apprentices to do the jobs that my right hon. Friend describes so accurately.

Mr. Redwood: I am sure that that is one of the constraints. Businesses always need more skilled people at all levels. A better system for apprenticeships might well help. One of the additional constraints at the moment is that businesses cannot raise money. They cannot borrow cash or get working capital out of the banks because we have a lopsided banking system that is channelling huge sums of money into the public sector, but not into the private sector. They cannot borrow the money from the commercial banks because of the mistaken policy, and they are not getting the money in turnover because they are not getting the benefit of the orders. Every time that public sector cash is spent on an import, it is not doing the good that it could do if it was spent on a domestically produced product, because it means that we are still keeping people on the dole, untrained and unable to produce that good.

Mr. Jim Cunningham: The right hon. Gentleman's exposition of what he thinks should be done is interesting, but when he was a member of the previous Government, we had similar problems with apprenticeships. During the last recession, under the previous Government—I worked for Rolls-Royce at the time, so I know a little about this—the first casualty was always the apprenticeships. We talk about companies such as Rolls-Royce, and aid for them. The previous Government talked about lift-off aid—or something like that—but the Government brought in tax credits for companies such as Rolls-Royce and so helped them with research and development.

Mr. Redwood: I am sure that we could improve on the apprenticeship schemes in place under the Conservatives, but the lamentable truth is that they are not working now. We have had 12 years of this Government. We have less manufacturing as a proportion of our economy. We have a worse situation for manufacturing orders than I have ever seen in my life, affecting most manufacturing business that I talk to. I was at a Royal Society event last night, meeting a lot of manufacturers and talking from the platform. They all reported dire situations for orders a few months ago. I am pleased to say that there is some evidence that the situation is beginning to lift off the very bottom, but it is still way behind what it reached at peak levels.

Mr. Cunningham: I do not want to get into a ding-dong with the right hon. Gentleman, but there were very few apprenticeships under his Government, particularly in the 1980s. All the apprenticeships budgets were cut. I notice that he did not really go into the issue of tax credits for companies such as Rolls-Royce. I can remember taking a delegation to meet one of his Ministers in the 1980s. I also remember the works convener saying, "You're going to have a lot of very expensive shelf-stackers because of how you are trying to assist companies such as Rolls-Royce." That is why we brought in tax credits.

Mr. Redwood: I want to live in the present and look forward to the future, not wallow in the past, but if we are talking about the past, I must say that there was a lot more manufacturing then than there is today. Many factories have closed on this Government's watch. There has been a massive jobs haemorrhage out of the manufacturing sector.

Christopher Fraser: About 2 million.

Mr. Redwood: Indeed, there are 2 million fewer jobs under this Government's tutelage, as my hon. Friend reminds me. That is a great tragedy.

Mr. Love: The primary reason for that haemorrhaging, not just over the past 11 or 12 years, but over a much longer period, was an over-inflated exchange rate for the pound. We now have a more competitive pound. We need to sustain that competitive element in the value of the pound. How does the right hon. Gentleman, as a liberal laissez-faire economist—if I may call him that—believe that we can achieve that?

Christopher Fraser: Such flattery!

Mr. Redwood: That is the nearest to flattery that I am going to get from Labour Members. I was about to say that the sharp devaluation of the pound last year and the little wobble in the pound in recent weeks are positive for those who wish to export, but negative in many other ways. They are causing much more price inflation in this country than anywhere else in the free world and have, of course, cut our living standards massively, because if we import a third of all that we need, and our currency falls in value by one fifth, we can see immediately that we will have lost an awful lot of purchasing power and will all be much worse off.

We need, however, to find the silver lining in this rather nasty cloud, and the hon. Member for Edmonton (Mr. Love) has rightly pointed to one: it is now possible to compete much more aggressively on price, as well as

on quality and product, off a British manufacturing base, because of the devaluation. It would be a tragedy if we threw that away.

So far, the export recovery is not nearly as vigorous as one might hope for, or expect, given that we had a devaluation of more than one fifth about a year ago. We are not seeing the follow-up that we would like to see. Why is that? I think that it is because of the points that I am making: manufacturers are not getting the orders or the financial support from the banks because the system is so skewed and asymmetrical.

Many businesses and manufacturers, because they cannot get the banking cash and are having to conserve and generate their own, are saying, "I'm not going to get many orders anyway, so I'm going to keep my prices up. I'm going to take advantage of the falling pound and will not go for volume, because I am not sure I'm going to get it and I certainly can't get the working capital."

Christopher Fraser: In addition to that, does my right hon. Friend agree that the problem is with the red tape that businesses in this country suffer from as a result of this Government focusing not on jobs and prosperity, but on bureaucracy?

Mr. Redwood: I was going to come to that; it is on my list of things that need fixing. We need access to working capital and more domestic orders to provide the volume that lowers the unit cost. We also need to keep control over the tax and regulatory burdens because most international businesses now look globally and do so on the numbers. They look at the costs, the cash flows and how easy it is to do business in each location. They do not have a romantic attachment to one country. I wish that they did—I wish that they shared my romantic attachment to my country and wanted to see success here—but they do not. They will look at the numbers and put the plant, the new jobs and the new projects in the place where they think that the numbers make sense. If the regulatory burden is too high, they will score that against the particular country—and regulation is a cost.

Labour Members like to portray me as the man who would have no regulation at all, but that is a grotesque distortion. I have strongly urged stronger regulation of certain things in banking, and of course we need strong safety regulations in manufacturing. However, the overall balance is wrong. There is too much regulation overall. It means that there is too much cost and that we have fewer jobs as a direct result.

Some voices on the Labour Benches have taken up an idea that I have launched into the public debate in recent years, which is that we should have regulatory budgets here. They have been adopted in Holland very successfully. The Dutch budgets do not go as far as I would like, because they just concentrate on the Government and regulation costs, whereas I also want them to include the impact cost on the businesses being targeted. However, the model is there and I urge the Government to do it, even at this late stage in this Parliament, because the sooner the signal is sent out that we want to start to curb and limit regulatory costs on businesses, the better it will be for generating new jobs here.

Mr. Love: The first impact of a competitive exchange rate will be on import substitution. Then we would hope that, as the economies of Europe, in particular, but also the United States, recover, we will be able to export. My concern—this was the question I asked the right hon. Gentleman originally—is this: when our economy begins to recover, it is likely that the exchange rate will appreciate, losing the advantage that we have had, so how do we prevent that from happening?

Mr. Redwood: Given the amount being printed and the amount that the Government want to borrow, we are in for a weak currency, unfortunately. I do not think that that is the worry; the worry is whether we get the response. That is the issue that I am trying to address. That was a good way for the hon. Gentleman to influence my speech. The answer is that we will not get enough of a response for import substitution or direct export unless we get these things right.

People have to have access to capital and land with planning permission, and to the right kind of factory space, with the right kind of floors, loadings and eaves heights, so that they can do modern manufacturing in a good environment. They need access to the skilled people, young and old, and they need very high-quality engineers and other such people to go in, take the risks and develop the products.

The world's manufacturers know how to drive a process for quality. We can make expensive items out of a high-cost labour base, and I am not one who wants to drive down wages. I want staff on high wages who are well rewarded and motivated because they are skilled. We do not need many of them, but we need to use them intelligently in successful manufacturing. In good manufacturing, labour costs might be only 10 or 15 per cent. of total selling price, so it is not the main driver. It is not impossible to run really good manufacturing out of a UK, US or German base, as we can see in many examples.

I am conscious that others wish to join in this very short debate. My conclusions are that we need to give every sensible incentive so that we can have this massive shift out of consuming and borrowing and into producing and making to tackle the balance of payments deficit and the very large deficits across the economy. We have the groundwork for that, with the large devaluation brought about by an incredibly sloppy money policy and by printing so many pounds. We must not throw that away or waste it.

The early evidence is that the reaction is not strong enough. That implies that the Government need to look at the availability of people, of buildings and land, of planning permission and of orders. If, for example, the Government had an energy policy that they could announce and activate, that would trigger a large number of orders for all kinds of things in the energy sector, but we have had dither and delay. If we had a proper transport policy that was more clearly defined, that could also trigger the sort of orders that we need.

I urge the Government not to rest on their lack of laurels or think that because they are printing so much money, the economy will suddenly come miraculously right. Printing money without things happening on the ground just causes inflation and far worse mess and distress. If we are to make anything out of the mess, we need now to put in place policies that create orders and create a sensible level of regulation and low taxation, so that people will want and be able to make things here and so that we can get people back into jobs.

1.20 pm

Tony Baldry (Banbury) (Con): I am rather bemused by this debate. It needs to be understood that the subjects for topical debates on Thursdays are chosen by the Leader of the House—that is, by the Government. On Monday, my right hon. Friend the Member for Wokingham (Mr. Redwood) and I spoke in a full-day debate on employment and industry. Tragically, by halfway through that debate there were only three Labour Members in the Chamber. They included the Minister, the Parliamentary Private Secretary and the Whip on duty—in other words, no Labour Back Bencher was present for the debate. However, in the course a full day's debate, at least four Labour MPs managed to speak. Today, unless something dramatic happens between now and the conclusion of this debate, not a single Labour MP will have come into the Chamber to support the Minister. I find that extraordinary.

I suspect that we know why this debate has been held today: because between now and the first Thursday in May next year, the Government will be desperate to try to create some kind of litany to give the impression that a recovery is taking place. However, one would have thought that a much more appropriate subject for a topical debate today would be the future of Royal Mail and what is happening in the postal dispute.

Madam Deputy Speaker (Sylvia Heal): Order. I can allow a passing reference to that, but the theme of this debate is the economic recovery.

Tony Baldry: It was only a passing reference because I have had only a sentence on that subject. However, on securing the recovery, there are many businesses in my constituency that will not have a recovery if they cannot get their goods and invoices out through the post.

Reading yesterday's *Hansard*, I found it rather curious that the Prime Minister said about the postal dispute that he would

"urge people to go to ACAS when that becomes the right thing to do". —[*Official Report*, 21 October 2009; Vol. 497, c. 904.]

Surely trying to ensure that everyone goes to ACAS without precondition to try to resolve such disputes must always be the right thing to do. I am not entirely sure what the Prime Minister meant by the rather curious line that he took.

I am also surprised that the Government have not chosen to have a debate today on the dispute between the Chancellor and the Governor of the Bank of England. How we can have an economic recovery when the Chancellor and the Governor of the Bank of England are at loggerheads?

Behind this debate is an assumption that a recovery is beginning. However, the Library has placed in the Vote Office the economic indicators for October 2009, a publication that makes worthwhile reading because it contains the Library's figures. They are not partisan figures from a political party or independent commentator, but the Library's figures. The economic indicators for October show that full-time employment has fallen by almost 700,000 over the year. There have never been so few people under 25 in employment in recent times. The UK economy has now been in recession since the third quarter of 2008. Also, the economy contracted in the second quarter of this year, compared to the first quarter, which was the fifth successive quarter of negative growth. However, the research paper shows that, although we are still in negative growth, France, Germany and Japan have emerged from recession.

The paper also shows that manufacturing output decreased by 12.4 per cent. in the second quarter of this year, compared with the same quarter in 2008. As my right hon. Friend the Member for Wokingham mentioned, manufacturing industry has been getting into a desperate plight year on year. Total business investment decreased by 10.2 per cent. in the second quarter of 2009, compared with the previous quarter, and was 21.8 per cent. lower than in the second quarter of 2008. Productivity across the whole economy, measured by output per head, is estimated to have fallen in 2008, as compared with growth in 2007. In the three months to July 2009, total employment was 600,000 lower than a year earlier.

Mr. Love: May I suggest a little more humility from a member of a Government who oversaw two—I repeat, two—internally generated recessions? We all recognise the current difficulties in the economy, but does the hon. Gentleman accept that action by this Government at least had the consequence of not allowing a recession to develop into a depression?

Tony Baldry: I thank the hon. Gentleman for his intervention because it shows the Labour party's two desperate alibis. When Labour Members get desperate, they say, "Well, you know, it was even worse when there was a Conservative Government," which is a bit like saying to the Liberals, "Things were desperate when Campbell-Bannerman was Prime Minister." That approach just does not wash after 12 years in government. The second alibi is, "If we hadn't intervened, it would've been even worse." The hon. Gentleman has to acknowledge that, as I will demonstrate in a second, the deficit—the black hole that the Government have got us into—is monumental. However, let me first conclude my point about unemployment.

The change in the unemployment rate has hit everyone. A comparison of the period from May to July in 2009 with the same period a year earlier gives an indication of just how desperate the increase in unemployment in this country has become. In the south-west of England, the seasonally adjusted increase in unemployment from the same period in the previous year was 72 per cent. In the west midlands the figure was 71 per cent., and even in the south-east it was 36 per cent.

All that leads us to the fact that the Government have got our public finances into a complete mess. The Library reports that the Treasury forecasts that borrowing will be £175 billion in 2009-10, which is 12.4 per cent. of gross domestic product. Debt is forecast to rise to £1.4 trillion by 2013-14, which is 76.2 per cent. of GDP, excluding the impact of measures to support the banks. Those are truly horrifying statistics and they show why we can have no recovery until we have some fiscal responsibility.

That is why my hon. Friend the shadow Chancellor of the Exchequer is right to make it clear that the Government have borrowed too much and that £1 in every £4 that the state spends now goes straight on the national debt. More of our taxes go on paying the interest on that debt than go on educating our children or ensuring that our armed forces are properly equipped.

It is tragic to see the training of the Territorial Army being cut for the next six months, as many of its young men and women are now serving on the front line. I wonder just how many days' debt interest would be needed to ensure that that commitment could otherwise be met—it would probably be only one or two.

There is no recovery for the Government to secure. They really need to address how to get the public finances back into kilter and where to make the savings in public spending to ensure that that happens. This is clearly an issue that Ministers are unwilling to address. The shadow Chancellor addressed it in Manchester, but the Government are unwilling to do so. They are simply hoping that they can get from now to the first Thursday in May next year without addressing it, and hoping upon hope that if they keep on talking about some mythical recovery, the electors will be lulled into thinking that life can go on just as it is now. The reality is that responsible, serious measures will have to be taken by whoever is elected to Government at the next general election, and that only we are showing the responsibility of measuring up to that task.

1.31 pm

Christopher Fraser (South-West Norfolk) (Con): I shall keep my comments brief, as I should like to hear the Minister respond to the perfectly straightforward points that have been made in the debate. As it is due to finish at 1.46 pm, I should like to give him five or 10 minutes in which to do that.

We covered a lot of these matters in our debate on Monday, in which the Secretary of State for Work and Pension conceded, in response to my intervention, that she had not listened to the debate in full. There was, however, a tacit agreement that she would respond directly to the points made by Opposition Members. I hope that the Minister will give me an assurance today that the genuine points made on a constituency basis by my Conservative colleagues will be addressed directly, by mail—as soon as we can get letters through the post, that is—or via the Letterboard in the next couple of days. That will help us to deal with the problems that we have today, as well as those that we had on Monday, and those that we will have in future.

I want to put a couple of points to the Minister. First, will the Government commit to applying the small business rate relief automatically to firms across the country? This relief is a significant help to companies struggling through the recession and can save small businesses more than £1,000 a year. That might not sound like a lot, but small businesses and enterprises have been the backbone of the economic success of this country for many years, and unless we build from the grass roots up, we will not have the success or the recovery that this debate purports to be about.

Many businesses are not claiming the relief, either because they are not aware that they might be eligible, or because the procedure for claiming it is too burdensome. That just adds another layer of red tape to a small business or enterprise that is trying to do its bit for the recovery. Does the Minister agree that applying rate relief automatically would overcome this problem? Small businesses and enterprises have been an integral part of our success in the past, and we must recognise that for the future.

Recent figures show a discrepancy between the value of loans offered to businesses by banks and the value of loans actually drawn down by them. Does the Minister agree that the two should not be confused? Surely the recovery of the economy can be secured only if Government schemes—many of which were described in our debate earlier this week—are working effectively. If they are not, there is no point in putting out a press release suggesting that they are going to happen. That merely pays lip service to a problem without actually dealing with it.

Mr. Brian Jenkins (Tamworth) (Lab): Mention has been made of apprenticeships. Does the hon. Gentleman fear, as I do, that the recessions of the 1980s and 1990s, and now this recession, might well have pushed a critical mass of employees in manufacturing—and in engineering, in particular—down to a level at which we are no longer able to regenerate and reskill ourselves? Does he agree that it will take direct Government involvement to re-establish our manufacturing base?

Christopher Fraser: At the moment, 1 million 16 to 24-year-olds are out of work. As I said earlier, apprenticeship schemes are an enormously important way of training people to get back into the work force. However, the red tape and bureaucracy that we are now suffering from are stifling companies and preventing them from dealing with their problems. The hon. Gentleman must accept that there are now 2 million fewer jobs in manufacturing in this country. That has happened over the past 12 years, and it is not good news. There has not been the necessary investment by this Government in the backbone of British industry and the manufacturing sector that we rely on now and will rely on in the future.

Thetford, in my constituency, is a great manufacturing and engineering base. The businesses there want to work and to make a contribution, but every time they take a step forward, they have to take two steps back because of the way the Government treat them over employment, bureaucracy and the regulations with which they have to comply in order to get their products into the marketplace. Of course that adds a burden of cost to those businesses and makes them uncompetitive. The Government have not walked up to that problem, and I do not believe that they will do so. We need a change of Government—we need a Government who understand the dynamics of business and how that affects the economy.

If we are going to get out of this recession, businesses need to know that the Government are listening. I do not believe that they are. Businesses are being stifled. I believe that there is now adequate time for the Minister to address these problems. At the end of the day, the people of this nation need to know that they are being listened to. Alas, that did not happen in Monday's debate. The Minister is an honourable and decent man, and I hope that he will address these issues today. If he cannot answer all our questions, because there are not enough officials in the Box to give him the necessary responses, will he, having read *Hansard* at the end of the day, have the courtesy to come back to us on every point that we have made? These are serious issues that need to be dealt with, constituency by constituency, as a matter of urgency now, and not by another topical debate in a few weeks' time.

1.36 pm

Ian Pearson: With the leave of the House, I should like briefly to respond to the debate.

We have heard the usual contributions from the two Opposition Front Benchers, as well as speeches by the right hon. Member for Wokingham (Mr. Redwood) and the hon. Members for Banbury (Tony Baldry) and for South-West Norfolk (Christopher Fraser). I did not hear any specific references to his constituency in the speech of the hon. Member for South-West Norfolk, but I will say something in a moment about the automation of small business rate relief.

Mr. Hands: The topical debate today was chosen by the Leader of the House, presumably in consultation with others on the Government Front Bench. Can the Minister tell us why not a single Labour Member has spoken in support of the debate? Does the recovery simply not matter to his colleagues, or have they just abandoned him to be a one-man show?

Ian Pearson: I just wish that, rather than engaging in juvenile debating points, the Opposition would engage with the real issues. They cannot deny the fact that they called it wrong when it came to bailing out the banks and to the fiscal stimulus, or that, at the moment, they are calling it wrong when it comes to the recovery. People need to understand that the Tories' policies, as they are at the moment, would kill our recovery in this country. They have a dangerous set of policies, and the public need to understand that.

Mr. Love: May I say on my own behalf that I was anxious to hear the Opposition's policies? It has given us the opportunity here in Parliament to show the total bankruptcy of what they are offering.

Ian Pearson: Let me respond first to the point about small business rate relief, which was the subject of quite a lot of debate some months ago. There is now a greater understanding among small business organisations about what is in place at the moment. Steps have been taken to make it easier for small businesses to claim rate relief. The systems in Wales and Scotland are not necessarily automated in the way that some of us are led to believe. It is very easy indeed for businesses to get this relief—as I understand it, it is automatically rolled over once they qualify for it. The evidence I have seen suggests that the vast majority of businesses do actually claim the small business rate relief. If I can provide any further information on that issue, I would be happy to do so, as I agree with those who say that small businesses are an important part of the UK economy. It is right that we, the Government, are seen to support them.

I do not have time to go into the detail of all the things that the Government have done over the last 12 years to support small businesses and, indeed, manufacturing, but I would like to have a go at describing at least some of them. The first thing I have to say, however, is that those of us who have a memory—those who actually remember the previous Government—find it very difficult to stomach hearing Conservative Members talk about the importance of manufacturing.

Christopher Fraser *rose—*

Ian Pearson: Some of us feel almost violently sick when we hear people talking about—

Several hon. Members *rose—*

Madam Deputy Speaker: Order. It is obvious that, at this moment, the Minister is not giving way.

Ian Pearson: I accept what the hon. Member for Banbury said—that we now live in different times—so if the Conservative party has really changed its spots when it comes to wanting to support manufacturing and apprenticeships, I, for one, welcome that. The more we can reach a consensus around the key long-term decisions that need to be taken in the strategic interest of the UK, the better it will be for all of us.

Christopher Fraser *rose—*

Ian Pearson: I remind the House that we had to rescue apprenticeships; the Conservatives said little or nothing about manufacturing throughout all the period they were in power. People might criticise us for not doing enough to support manufacturing, but we have done a darn sight more than any previous Government.

Mr. Jenkins: Will the Minister please look at the critical mass of skilled engineers now available to us and working in the manufacturing industries to see whether we can regenerate ourselves? However, will he please use Government time and Government money to look at that scheme and perhaps invest in that idea?

Ian Pearson: My hon. Friend is absolutely right to point out that this country needs skilled engineers. There are continuing issues about skills at all levels of the skill range. One of the few points made by the right hon. Member for Wokingham with which I agree was that we need to address skills issues. I agree that we need the right skills and that access to capital is a fundamental issue, as are planning and land issues. These are all important if we are to get it right and ensure that the UK is competitive in the future.

When it comes to access to capital, I hope that the right hon. Gentleman will welcome the lending commitments that the Government have negotiated with the RBS and Lloyds Banking Group as part of the recapitalisation programme. I hope he will welcome the Government's enterprise finance guarantee and the work we have done with the European Investment Bank to ensure that additional loans are available to small and medium-sized businesses in this country. All those are important steps.

Christopher Fraser *rose—*

Ian Pearson: If the hon. Gentleman will allow me, I would like to respond in the two minutes remaining to some of the other points that he and others raised in the debate.

Let me update the House on the deferral of business taxes, which, as I said in my opening remarks, is benefiting 150,000 businesses. The latest figures say that £3.8 billion in business taxes has been deferred. To provide clarification for Members who asked about it, this includes corporation tax, VAT and PAYE.

It is also important to recognise that the UK has responded, as have other countries, by introducing a fiscal stimulus. We have had previous debates on whether the VAT cut is working, and I find it surprising that some of the same people who criticised us and said that the VAT cut has not made a difference are now making representations asking us to extend it because they really want it.

People need to accept the fact that government is about making decisions on the basis of good political judgment. Our judgment was that it was right to recapitalise the banks and right to provide a fiscal stimulus—and we believe that it is right now to continue to ensure that we secure the recovery, without undertaking the huge cuts in expenditure that the Conservative party is now advocating. The Conservatives were wrong on the recession and they are wrong now about the recovery. They have a very dangerous set of policies indeed, so I hope the general public will wake up to the fact that they need to exercise their judgment very carefully over the next few months.

Question put and agreed to.

Resolved,

That this House has considered the matter of securing economic recovery.

Public Accounts

1.46 pm

Mr. Edward Leigh (Gainsborough) (Con): I beg to move,

That this House takes note of the 1st to the 6th, the 8th to the 11th, the 13th to the 23rd and the 31st Reports of the Committee of Public Accounts of Session 2008-09, and of the Treasury Minutes on these Reports (Cm 7568, 7622 and 7636).

It gives me great pleasure to move this motion, which stands in my name and that of other honourable members of the Public Accounts Committee. Whatever else the election will bring—we do not know—it will call time on my chairmanship, and I will have to make way for whoever is fortunate enough to become the 46th Chairman of the Public Accounts Committee. Our next bi-annual PAC debate is not scheduled until next April, and I suspect hon. Members may have other things on their mind rather than being in this Chamber to attend that debate. This will probably be the last such debate of this Parliament, so it provides a good opportunity to reprise what we have tried to achieve in this Parliament and to reflect on what we might achieve during the rest of it.

Our special position in Parliament, which is reflected in these debates, stems from our focus, which is completely unlike that of any other Committee. We focus on the actions of senior civil servants in implementing policy, rather than those of Ministers in deciding it. We never interview Ministers; we only ever interview civil servants—no doubt to the relief of many a Minister.

Talking of Ministers, I must welcome the Exchequer Secretary to her place. I hope that she enjoys her current incarnation as much as she did her previous time as a very valued member of our Committee. I am sure that her personal experience on the PAC convinced her, as has mine, of the desire of all members of the Committee to maintain our independence of thought and to divorce ourselves from the murky old waters of partisanship. One of the nice things about this three or four-hour debate is that we do not get involved in party politics at all. One thing that I am most proud of in the 391—or whatever number it is—Committee meetings I have chaired is that we have never had a single vote, not one.

I shall thank all members of the Committee later, but at this point I would like particularly to thank the Father of the House, the right hon. Member for Swansea, West (Mr. Williams), who cannot be here today as he has had to go back to Swansea for constituency engagements. He is a long-term member of the Committee who has given me invaluable advice for many years. I am very grateful to him for what he has done for the Committee and I particularly want to put my thanks on record.

So what is our purpose? It is simple—to demand that taxpayers' money is well spent in the pursuit of better public services. Whichever corner of whichever political party one sits in, how could one disagree with such objectives, especially in the face of the fiscal tsunami that is breaking around us? We are all aware of our difficult financial plight, as national debt has reached worrying levels and small businesses and ordinary people are struggling to keep their heads above water. So, whichever party finds itself occupying the Government Benches after the next election, then, sensible ways to reduce public spending will be all the vogue. The current

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talk of cuts and savings highlights the importance of the Committee. There is spin and there is counter-spin, but those are not our department: it is to protecting the taxpayer's money that the Committee dedicates itself, week in, week out.

I believe that the reports we are debating, and the many other reports that we have produced for this Parliament, shine an unbiased light on how Government can save literally billions—thousands of millions—of pounds by applying good sense and common practice to public services. There are no radical new ideas; it is simply a case of plain common sense in the way in which public services are run.

Sometimes our hearings leave me wondering whether too many people ignore the basics of good administration because it all seems too obvious, or because it has all been said before. Perhaps it has been said before, but that does not necessarily mean that it has been applied. Civil servants do not need to reinvent the wheel. Simply by looking at the problem, taking on board sound advice and acting in a planned, considered and thorough way, they can save themselves time, money, and a grilling from the PAC. Whoever wins the next general election, I hope that we shall not immediately see a blaze of new initiatives and new policies. The first thing that we should do is do well what we have already undertaken.

According to information that I have received from the National Audit Office, over the eight years since I took over the chairmanship of the Committee in 2001 the action taken by Departments in response to our recommendations, including those in some of the reports that we are considering today, has saved the taxpayer, at a conservative estimate—that is "conservative" with a small "c"—more than £4 billion. I wish that all the members of the Committee could have received a 1 per cent. commission. I do not know whether *The Daily Telegraph* is listening to this, but that would have given each of us the tidy sum of £40 million. I think that we would have been cheap at the price. We have heard so much bad publicity about Parliament over the past six months; what a pity that newspapers are so uninterested in the solid hard work of Committees such as ours. I do not think that saving £4 billion is a record to be sneezed at.

I must thank all Committee members past and present. Later, of course, I shall be delivering my usual thanks to the National Audit Office. Let me say straight away that we on the Committee claim absolutely no credit for this. The reason why ours is the most effective Committee in Parliament is that we have 800 civil servants working for us. They provide us with the bullets and we fire them. However, I must thank all the Committee members who work so hard firing those bullets at the civil servants who appear before us.

In debates such as this, there is a danger of our becoming too self-satisfied. Let me quickly come down to earth, and say that we have not achieved nearly enough. We can still do much more. If we extrapolate the savings that have already been achieved in some areas, or examine the scope for bringing the costs of functions that are common across government into line with the best, we see that billions more could be saved. members are not politicians and are not trying to make a political point, we could save billions more without changing a single policy, simply by doing better what we are already doing.

I have written to the Chancellor of the Exchequer, and I shall place the letter in the Library because it is a public document. It will also be copied to my hon. Friend the Member for Tatton (Mr. Osborne), the shadow Chancellor, and the hon. Member for Twickenham (Dr. Cable), the Liberal Democrat shadow Chancellor.

It will come as no surprise that in writing the letter, I received some help from the National Audit Office. It contains the accumulated thinking of myself and the NAO on how we could save more money by doing things more efficiently. I hope that it will serve as a useful adjunct to public debate over the next six months. It sets out five areas where savings and improvements have been made, and where we think that more could be achieved: better financial management, better information management, reducing complexity and improving processes, exploiting the scale of spend, and improved outcomes. I hope that the House will forgive me if I go through them one by one. I think it terribly important, because I am not sure that anyone else has conducted a study of this kind independently.

We believe that £560 million has already been achieved by Government implementation of some of our recommendations. Effective financial management helps Departments to manage their budgets, to allocate resources to achieve priorities, and to deliver services cost-effectively. The introduction of resource accounting in 2001-02 was intended to realise those benefits, but the financial management of Departments remains a long way short of the world-class aspirations of Government. Basic management actions can result in considerable financial savings.

Here are just a few examples of what can still be achieved. As I said, we believe that we have saved about £4 billion. What can still be achieved? The sum of £29.2 million is still to be saved through improvements in Ministry of Defence stockholding. The MOD has a long history of holding too much stock of the wrong type, and of shortages of key items needed on deployed operations. We have produced numerous reports on that. We concluded that the MOD needed to take radical action to tackle its inventory management and bring it up to the standards of modern supply-chain management. Following our report, the MOD agreed an impact of £29.2 million.

As for museums and galleries' commercial operations, £15.3 million could be saved. Museums and galleries' poor business skills meant they were making losses on activities that were supposed to generate income. The Committee recommended that they set five-year targets for income growth with milestones supported by plans based on a systematic review of their assets and opportunities, an appreciation of which areas are most profitable, and an assessment of the risks.

We can give further examples of what could be achieved. For instance, there are potential savings of £1.3 billion in reducing running costs. Benchmarking costs would enable Departments to see how they compare with others. That is a very simple thing which does not happen enough in Whitehall. Considerable scope for

£464 million could be saved if the Department for Communities and Local Government, the Home Office, the Department for Environment, Food and Rural Affairs and the Department for Transport brought their accommodation costs per staff member down to the same level as those of the former Department for Business, Enterprise and Regulatory Reform, while £85 million could be saved if the accommodation costs of the Department for Work and Pensions were brought down to the level of those of Her Majesty's Revenue and Customs, and £813 million could be saved if the DCLG, DEFRA, the DWP and HMRC brought their IT costs per staff member down to the level of those of the Ministry of Justice.

I am sorry to rattle through those figures. They are all in writing and they will all be in the Library, but it is important for me to put them on the record to show that by means of simple benchmarking—if every Whitehall Department performs at the level of the best—we can achieve enormous savings in Government.

The next big area of potential saving is, of course, staff numbers. I am not talking about changing a single policy. I am not talking about affecting any efficiency in the front line. I am not talking about taking *away* a single nurse, doctor, teacher or soldier. We believe, however, that there are potential savings of £2.5 billion to be made. Some Departments have cut staff numbers in recent years, and they are to be congratulated. I am thinking particularly of the DWP, HMRC and the MOD. Savings in the staff bill have, however, been offset by salary increases above inflation, redundancy payments and increased staff numbers in the health sector, the Home Office and the Ministry of Justice. We believe that an estimated £1.7 billion could be saved across government if all Departments matched the level of staff reductions achieved by the DWP, HMRC and the MOD. If the higher-cost Departments reduced their average costs to the level of those of the Ministry of Justice, the saving across Departments would be about £800 million. We believe that those savings could be achieved without any impact on the front line.

Talking of not affecting the front line, what about back office costs? We believe that there are potential savings of £1.4 billion. In 2007, the Cabinet Office estimated that £1.4 billion of the £7 billion that central Government spend annually on finance and human resources—is that not an incredible figure?—could be saved if Departments shared back-office functions. Despite considerable discussion and planning, so far we regret that achievements have been limited.

So far £1.2 billion has been saved as a result of the work of the Committee but better quality information and better use of information can improve the quality of services and stem the leakage of public money through fraud and poor compliance. Our work to improve information management has led to impacts totalling £1.2 billion. These are some examples of what has been achieved, but the scope for Departments to do more is considerable in terms of better information management.

By following our recommendations, HMRC has increased corporation tax yield by improving the way in which it interacts with businesses. HMRC implemented a more structured approach to risk assessment and

Levels of television licence fee evasion fell following our recommendations to ensure that the related database was complete and accurate and that anti-evasion activity was better targeted. A total impact of £50.2 million was agreed.

The next big area on which we believe more work can be done is reducing complexity and improving processes. Badly designed and overly complex services waste resources and frustrate the citizens who have to use them. From 2001, a total financial impact of £812 million has been agreed including, for example, £110 million from DWP following our recommendations on how to reduce errors, appeals and delay in the medical assessment of sickness and disability benefits.

We have identified further areas where simplification can result in significant savings; for example, there is a potential saving of £2.6 billion in public sector construction. Improved processes include reduced volatility and uncertainty in work, funding to allow the supply side to invest in skills and innovation and appointing fully integrated supply chains. These are some of the basic steps needed to release at least £2.6 billion of annual savings in public sector construction. I am sorry to blind the House with all these figures but they are important; we are not talking about cutting the real work of government but about making government so much more efficient so that we can all do more to help ordinary people to get on with their lives.

Benefits reform is a huge area on which I can touch for only a minute or so. There are potential savings of more than £110 million. Options for reform that should generate efficiency savings over time include simplification of the overall system, on which we could have a three-hour debate alone. We have a hugely complex benefits system in which at least £100 million could be saved. Greater efficiency and innovation in helping people into work and improving the administration of housing benefit and tackling bureaucracy have a potential saving of £10 million.

The next area is exploiting the scale of spend. We believe that we have achieved about £1.1 billion-worth of savings so far. As the UK's biggest customers, the Government have considerable scope to exploit their purchasing power and to improve how they finance and handle commercial contracts. There is virtually no debate about this, but the scale of potential savings is huge. The Committee has published more than 70 reports on private finance initiative deals, and the cumulative effect of our recommendations has led to improvements in the PFI procurement. We do not simply believe that; we know it.

Departments are significant consumers of private sector goods and services but have been slow to exploit their bulk purchasing power. They must demonstrate capability in managing large commercial contracts. The Government have not done that very well. Our reports on procurement have generated agreed impacts of £1.1 billion. Implementation of the recommendations across government led to impacts in 2007 and 2008 totalling £142 million.

Prescribing is another huge area. The pharmaceutical industry spends £850 million a year on marketing products to GPs—an incredible sum. We found that the NHS

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that primary care trusts take steps to ensure GPs prescribe more cost-effectively and on the introduction of benchmarking between primary care trusts resulted in a switch from branded to generic drugs and a saving for the NHS of £157 million—money that can be applied to the front line.

We have identified further areas where Government could better exploit their purchasing power. For instance, on food procurement there are potential savings of £220 million. By developing commercial skills and knowledge about the specialist food and catering markets and more joint purchasing, savings of £220 million in food procurement are possible by 2010-11.

On goods and services there are potential savings of £520 million. The Office of Government Commerce's Buying Solutions enables Government to buy goods and services for their portfolio of products and reports, which can result in significant savings, but by driving performance across all activities and enhancing staff skills and incentives, there is potential for at least £520 million of extra savings.

We have had reports on the use of consultants and there are potential savings of £408 million. We agree that the Government have made progress in achieving efficiency gains in the use of consultants, but there is a lot further to go. By combining reduced spending with better value for money, there is scope to find £408 million.

Our recommendations to improve social and environmental outcomes have resulted in a total agreed impact with the Treasury of £217 million, but there is scope for public bodies to do a lot more. For instance, a fifth of all car crime happens in car parks, but only a small proportion of public bodies across the country have established secure car parks. We recommended actions for the Home Office to raise police detection rates, improve the effectiveness of automated number plate recognition and make car parks more secure. Implementing those actions resulted in a fall of vehicle crime that produced a total agreed impact of £23 million. That is a tiny example in one small area of achieving an impact of £23 million.

In 2001, DEFRA estimated that 8 per cent. of the land area in England was at risk from flooding from rivers, tidal rivers and estuaries, and we have all had many representations on that. We recommended that the Environment Agency improve its urgency on flood warning systems to protect life and property. We also concluded that the agency should take action to ensure the most effective use of the funds available for inland flood defences. After DEFRA acted on the Committee's recommendations, a financial impact of £21 million was agreed in 2006.

I apologise for rattling through that and hope that I have not bored the House too much, but I felt that it was terribly important to put on the record what we have achieved so far and what we believe could be achieved. No matter who wins the election, the Treasury has been given a potential saving of £9 billion—not by me, but by the expertise of the NAO officials behind what I have said.

There is more we could go through were we allowed more time. What I have read out is by no means a plenty of scope for further improvement in the MOD. There are plenty of other areas on which I have not touched.

My quick calculations show more than £9 billion of potential savings waiting to be grasped by the Treasury. That may not have been scrutinised rigorously, line by line, in the Committee, but it indicates clear potential. On this the PAC and the Treasury are on the same side. The Treasury knows that there is great potential to make savings from better administration. Indeed, it has previously set targets to save tens of billions of pounds, not least in the operational efficiency programme, but potential and targets amount to naught without action that realises them, and in many cases the action needed is nothing more radical than effective administration—simply getting the basics right, every time in every Department. I do not claim that that is an original thought, but that does nothing to diminish the value behind the thought.

The Committee's 17th report found another area where getting the basics right would reap rewards. We found that central Government Departments spent a huge amount—more than £12 billion in 2007-08 alone—buying in services such as IT and facilities management. If we buy a service in business, or in real life, we look out for every single pound because we know the other guy is doing just that, but cosy relationships and a lack of control prevail. After analysing those huge contracts, the National Audit Office advised the Committee that about £300 million could be saved each year. It is high time that Departments subjected suppliers to the public sector to the same pressures that those suppliers face in business. No taxpayer's pound should be an easy pound of profit, but too often it is.

In order to show how that can be done, let me give an example that was presented to the Committee. In 2003, the Committee investigated how the Prison Service bought goods and services. To be honest, we were not very impressed, but the Prison Service dealt with our report with sound common sense. It passed, acknowledged the situation, took expert guidance and set about putting things right. The Committee returned to the Prison Service in our sixth report, and we found that changes to its procurement approach had saved £120 million over five years. That is a great achievement, and I am very pleased to give the Prison Service the credit it deserves today. I would say this to officials: "Don't be shy. When you save money, change a process or control a system and find efficiencies, shout about it."

We had the Foreign Office in front of us yesterday; the permanent under-secretary Sir Peter Ricketts appeared before us. It had one of the poorest financial management systems, but it has achieved a great deal. The Treasury must ensure that such good practice is spread around Whitehall. Departmental counterparts must be told how they can achieve it too, to help make it common practice, not best practice. There are too many examples of best practice in Whitehall, in the sense that often what we suggest in a report might be acted on by the Department concerned but other Departments do not take up the recommendations.

We have the bundle of reports on the Table before us, and I do not want to go through all of them, because I have taken up enough time. *[Interruption.]* No, no,

I am proud of what we have done in trying to shine a light on some of what I call the Cinderella areas in the NHS—those areas of medicine that were not given the priority that perhaps cancer or heart services were given. The Committee has achieved a great deal in bringing to light deficiencies in how we deal with stroke patients and hospital-acquired infections, for example, and we produced a very good report on end-of-life care. The fact is that most people would prefer not to die in hospital, but because of a lack of NHS and social care support services many people do so when there is no clinical need for them to be there. There is a lack of training in basic end-of-life care among front-line staff. The Department acknowledged in its reply that such care has not always had the priority it should have had and recognised the need to improve the provision of care for adults. I hope that we can make progress on that, therefore.

Let me turn to the Commonwealth Development Corporation—I am chopping and changing from one issue to another, as we deal with every part of Whitehall. The level and nature of CDC executive remuneration is relevant to its efficiency. The remuneration of the chief executive—of what is, after all, a public body—increased from £383,000 in 2003 to £970,000 in 2007. We were not very impressed. Admittedly, that huge increase in his public sector salary, now amounting to the best part of £1 million a year, reflected CDC's exceptional financial performance, and advisers concluded that CDC executives were paid below the median for such a group. That is fair enough in that they could probably earn even more in the private sector. However, CDC does not compete for cash to invest, offers high job satisfaction and has since 2004 successfully recruited and retained talented staff, so why are we paying so much to the chief executive?

On Her Majesty's Revenue and Customs, tax credits and income tax, it is true that policy changes have helped HMRC to reduce recoverable overpayments from about £1.9 billion to £1 billion annually, but it has not given claimants the support that they need in making claims and reporting changes in circumstances, and it is planning to introduce new measures again. HMRC estimates that in 2006-07 claimant error and fraud led to incorrect payments of between £1.31 billion and £1.54 billion. That shows the amount of work that has to be done. We should also remember that these are only a few examples taken from across Whitehall.

The Ministry of Defence's ability to sustain its nuclear deterrent in the future is dependent on the collaboration of the United States. We found that the new class of submarine is likely to remain in service beyond the extended life of the existing Trident D5 missile, which will be renewed in 2042, and must therefore be compatible with any successor missile developed by the US. The MOD has received a series of assurances from the US that any new missile will be compatible with the UK's new submarine class, but assurances are not enough. Nevertheless, the concern remains that the MOD has no direct control over the development of new missiles.

The Chinook Mk 3 helicopter project has been a catalogue of errors from the very start. We reported on it several times. The original contract is ill defined, preventing easy access to software source coding that period and slow decision making under a contract known as "fix to field". We have reported on that many times, and we hope things are finally coming right.

I shall offer one final further example, taken from the bundle of documents on the Table, to show what we are trying to achieve. Last but not least, I turn to the national programme for IT in the NHS. We could have a debate on that alone. The Care Records Service is at least four years behind schedule, with the Department's latest forecast putting completion at 2014-15. By the end of 2008, Lorenzo, the care records software for the north, midlands and east had not been deployed throughout any acute trust and in only one PCT. Given that we are now talking of spending £12 billion, that is not good enough.

Mr. Richard Bacon (South Norfolk) (Con): In the light of what my hon. Friend has just said about the national programme for IT, does he agree that the Treasury minute answering conclusion 6, which basically says that the Department remains confident in the potential of both Cerner's Millennium and Isoft's Lorenzo to work effectively, is remarkably optimistic?

Mr. Leigh: We have found that the Department has been consistently optimistic. We wish it well, of course, but given the sums involved—£12 billion—this is very worrying.

I will not list any more examples. Within the terms of the debate, other Members may refer to more of them if they wish to do so. We might get one more chance before the end of this Parliament to have a debate, but we do not know. Therefore, may I just thank a few people? I thank my colleagues in the Chamber, and those who currently serve on the Committee or have done so over the past eight years. They have to dedicate a great deal of time. The Committee meets twice as often as any other Committee and has a huge amount of paperwork. I also thank the Committee staff, particularly our former Committee Clerk, Mark Etherton, who has just left the role. I welcome our new Clerk, Sian Woodward, who I am sure will be a huge asset to the Committee.

I cannot talk about the PAC's work without acknowledging the National Audit Office. It has a new head, Amyas Morse, whom the Prime Minister and I appointed last year. Mr. Morse is the first qualified chartered accountant to become the Comptroller and Auditor General. He continues to provide the PAC with excellent evidence, on which our work depends. He takes over the NAO's reins with relish, succeeding Tim Burr, who I also thank. I know that the organisation will go from strength to strength under Mr. Morse's leadership. I welcome the publication of those parts of the Constitutional Reform and Governance Bill that will place important changes to the NAO's governance on a permanent footing. We have modernised the whole organisation and it has a proper board of management, so I hope we can now move forward.

Finally, surely it is high time that the benefits of public scrutiny to which I have referred can be applied to other areas. I shall end on this point, because it is perhaps the most important. The NAO is denied regular access to three hugely important and publicly funded

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"It is time for the BBC to allow the National Audit Office access to its accounts."

I agree with that, although it is not before time. The BBC spends billions of pounds of public money and it should be fully accountable to Parliament—there is no threat to its editorial independence. The CAG should have statutory financial and value-for-money access to examine how the BBC spends public money. That should prevent a recurrence of the difficulties that he met in his study on the BBC's radio production efficiency when, disgracefully, the BBC tried to limit his remit—that must never happen again. Given the Government's vital interest—and now investment—in the financial sector, it would also make sense for the CAG to audit the FSA and the Bank of England. The Bank is spending billions of pounds of public money, so it should be properly audited through Parliament and be accountable through Parliament and the Public Accounts Committee.

Now is not the time for us to address this—we will start by dealing with the Bank, the FSA and the BBC—but in the next year, in the next Parliament, it will be time to renew the civil list, for which more money will doubtless be asked. That will be a good opportunity for the civil list also to be subject to the scrutiny of the PAC, the NAO and Parliament. That is for a future Parliament to decide. We can make progress now on the BBC, the FSA and the Bank. I hear very encouraging noises from the Treasury on that, so I very much hope that the Exchequer Secretary to the Treasury will in her summing up be able to give more encouragement than we have had in the past.

Beyond this House, the coming months will prove rocky for many of our constituents; there will be tough decisions for individuals and for the country at large. I urge those from this House who make such decisions to keep in mind the work of the PAC, and to remember—I say this to the Treasury—that we are a friend not a foe. We seek to ask the questions our hard-pressed constituents would ask, and our interest is in striving for better results for the taxpayer. If we make a few witnesses squirm, it is because every pound that our constituents give matters. It is a pound less for their businesses or their families in hard times; their contributions should be spent with respect. That is the common purpose of our Committee, and I commend the motion to the House.

2.23 pm

Mr. Colin Breed (South-East Cornwall) (LD): It would be very difficult for the Chair of the Public Accounts Committee, the hon. Member for Gainsborough (Mr. Leigh), to thank himself, so may I thank him on behalf of all of us? We are deeply appreciative of the work that he has done in the eight years—he will be there a few more months yet—on the Committee. He has raised its profile considerably in the public mind, used the media properly, exposed things that should have had light shone upon them and given good advice—I am surprised that it is only £4 billion that he has saved. His overview, which is contained in his letter—I fortunately received a copy of it—is an excellent summary and the

As the hon. Gentleman says, the Committee is not about just saving money, although that is extremely important; its work often has other, almost better, implications. In this regard, I can think of two of the things that he mentioned in passing, the first of which is secure car parks. Anyone who has had their car broken into or damaged in a car park will use their insurance, but they will encounter the hassle, work, inconvenience and so on that persists from that. It is unquantifiable financially but has a huge effect on people's lives. If we can save money and avoid that, it must be good for everyone.

My second example relates to flooding. I do not know the number of Members whose constituencies contain areas prone to flooding, although the figure is probably more than we realise; the number of such areas has been increasing in recent times. My constituency has suffered major flooding near the coast. Insurance is becoming more difficult to obtain, and the sheer heartache, stress and so on that is visited upon people when they have been flooded is enormous. Again, that is financially unquantifiable, but we must begin to understand that not only is saving money a good thing in its own right, but that doing things better can have even more profound outcomes. I congratulate the hon. Gentleman, his Committee and the National Audit Commission on the work that they have done. They have had some notable successes and I am sure that there will be many to come.

I am a member of the Treasury Committee. I suppose that everybody thinks that their own Committee is the most hard-working, the most valuable, the best organised and so on, but when I knew that I was going to be responding in this debate, I looked at the work of the Public Accounts Committee and was astounded at the amount that it has got through—the reports that it has produced and work that it has done. Although members of the Treasury Committee may feel that we do a lot of work, we have to acknowledge that the work done by the PAC is impressive.

I, too, wish to refer to just three of four reports that have been important to me, as well as to my constituents and others. The first such report, to which reference has been made, is the one on the Ministry of Defence and the Chinook Mk 3. Although my constituency is that of South-East Cornwall, it is close to Devonport dockyard and the Royal Marines, and many of my constituents have direct relationships with our troops. Within that community, and slightly wider than that, the saga of the Chinook Mk 3—those eight years of incompetence and bad decision-making, let alone the enormous cost and so on—has gone down extremely badly. At a time when we have seen inefficiencies and the lack of some equipment, the thought that millions of pounds have been wasted on machines that will not even get into the air for years and the basic mismanagement that that has brought out has left a sour taste in a number of people's mouths. The Ministry of Defence appears to have frittered away, through bad decisions, millions and millions of pounds, yet it seems to be penny pinching on some of the vital equipment that our troops need when they go into theatre.

Clearly, many lessons can be learned across the board about the way in which contracts are negotiated, if an

in these situations. I am at a loss to understand how we have got to a situation in which we cannot sort out the software source coding with a great deal more alacrity.

The next report—the 11th report, on the UK's future nuclear deterrent—follows on from that. Devonport dockyard is the home of Trident when it is being refitted. It has been an enormous boost to the local economy and significant numbers of my constituents work there. The beginning of the debate on Trident has been watched with great interest and this report is a good start to what ought to be a full debate on the costs of the defence side as well as on all other aspects relating to this major policy area.

Mr. Greg Hands (Hammersmith and Fulham) (Con): Will the hon. Gentleman remind us what the Liberal Democrat policy is on Trident?

Mr. Breed: We are not in favour of renewing it, but the decision does not need to be taken now. We have at least another four years before we have to make the final decisions. In those four years, all sorts of things could happen, such as proliferation in states such as Iran, a greater sorting-out of the technology and a better understanding of the alternatives and their costs. I do not think that the debate has reached a point where anybody can make a final decision. There is an objection to Trident in general and to its amazing costs—indeed, my hon. Friend the Member for Twickenham (Dr. Cable) has put it down as one of the big-ticket items that has to be considered given the financial state of the country.

We need to develop a clearer picture of what is happening in the proliferation states and those that possess, or seek to possess, nuclear weapons. We need to try to reinvigorate the process of multilateral disarmament, but we will have to make a decision soon—in the next two, three or four years. The report offers an excellent opportunity to go over many of the aspects of it.

Finally in the section that we might call "defence" comes the 20th report on the major projects—the 20 biggest MOD projects that have suffered an increase in costs of some £205 million and delays totalling some eight years. By any measure, that is very significant. We all know that defence projects tend to go over budget and to take longer—we have discussed how that happens in defence debates—but at a time when we are looking for significant savings over all aspects of Government expenditure, perhaps we need to redesign how the procurement process is undertaken. The report makes some useful comments and suggestions about how that might be done.

Mr. John Horam (Orpington) (Con): The hon. Gentleman is discussing a very interesting point about procurement, and I take his point, but is he aware that one of the recent problems with MOD procurement has been the so-called smart procurement system that was introduced about eight years ago? It has, perhaps unintentionally, had the effect of penalising small suppliers and small companies in the defence field. It causes great problems for small companies, which can often do

Mr. Breed: I am only too aware of that. Even in my constituency, the very small firms that can be light on their feet, which are often set up by people who come out of the military to set up their business on retirement—experienced technicians with enormous experience and the qualifications to undertake some of this work—find it difficult to engage with the large firms on the contracts. One way in which procurement can be speeded up and quite a lot of money can be saved is if the small and medium-sized enterprises are much more engaged in the process, perhaps through some sort of contractual arrangement. I entirely agree with the hon. Gentleman.

The strategy may be a bit outdated, having been written more than 10 years ago. We know that there is to be a strategic defence review, but many of the earlier assumptions have been undermined by our experiences in Iraq and Afghanistan. The fact that our enemies can move around much more swiftly and expose weaknesses in our defences means that we need to review our urgent operational requirements much more often. As the PAC report pointed out, future contracts need to be much more flexible and adaptable so that we can be much lighter on our feet. The key question is how that recommendation can be taken into account, as this has always been an extremely difficult and perennial problem, going back decades if not longer.

The Committee Chairman mentioned the report into the oversight of the CDC group by the Department for International Development. The matter had been brought to hon. Members' attention somewhat before the report was begun, although I suspect that the fact that everyone had so much on their plates meant that not many got around to looking at it. I was extremely pleased with the report, and mention has been made of matters such as the chief executive's salary and so on, but what stands out for me is the fact that CDC is not doing what it was set up to do.

We need to revisit how CDC operates. Of course it is important that it makes a profit, but that is a heck of a lot easier to do if it deals only with certain markets and businesses. Enhanced performance may lead to larger bonuses—who knows?—but the assumption was that CDC would work in smaller markets, with more difficult companies and in the more difficult areas of the world, because that was where there would be a crying need for support. It appears that DFID has taken its eye off the ball, so it needs to go back and make sure that CDC does what we believe that it should. That may make the sort of profitability that CDC has achieved a heck of a lot harder, but the organisation was not set up to make easy profits in easy markets. That is not what Parliament or the country want: we want it to go into the more difficult areas of the world and help developing countries to get their indigenous businesses going. In that way, they can become more successful economically and less in need of aid and assistance as a result.

The report contains some excellent stuff. I know that it has probably been alighted upon because the media are very interested in matters such as the salaries of chief executives, but it put a spotlight on the operation of CDC and showed that it was not really doing what we wanted it to do.

I turn now to the letting of rail franchises. I use the

[Mr. Breed]

is often expanded in a rather derogatory way but—I do not know whether this has anything to do with the PAC—there has been a lot of improvement even though there is still a long way to go. However, there are many matters on which it has been difficult to shine a spotlight. In my part of the world, for instance, FGW's intention to raise car parking charges did not exactly encourage people to use trains.

Another problem has to do with the massively complex and expensive fare structures. A fortnight or so ago, I bought a ticket at Paddington using my senior rail card. I was given a ticket for £40, and I said, "No, you must've got this wrong." The person in the ticket office replied, "No, this is a special deal for people over 55. We assumed that you must be over that age because you've got a senior rail card." I asked whether it was a return, and was told that it was. It is astonishing that one can get a return all the way to Cornwall for only £40. I was not aware that it was possible—although I suppose the offer had been marketed—because the normal cost is around £200. The fare structure is so extraordinarily complex and expensive that it must be beyond most people.

The problem is that the train companies are competing against internal flights. I suppose that some people might see it as unfortunate, but it is cheaper to get a flight from Plymouth to London City airport than it is to travel by train. The flight takes an hour and half, but the train takes three and a half hours, plus half an hour on all the other bits and pieces. We are trying to promote rail use, but it is cheaper to travel by air.

Then we have the overcrowding problem. Some people thought that that was a planned strategy—that if there was lots of overcrowding, the company could stick the price up and thereby both adjust its profitability and decrease the overcrowding. The whole question of rail franchising will come back again—at least I hope it will. Although there has been reasonable improvement recently, there is still a lot to be done. If we want public transport that is inexpensive and easy for people to use, so that we can meet our emissions targets and so on, we will have to look more closely at how rail franchises are operating and whether the companies are doing what they said they would do.

As a member of the Treasury Committee, it was inevitable that I would want to discuss the PAC's 31st report, on the nationalisation of Northern Rock. The Treasury Committee reported on that as well, of course, and I think our reports complemented the PAC report well. I have never taken the view that the Northern Rock affair was necessarily a forerunner of the disaster that we have seen unfold since. Northern Rock was not, in the jargon, a casino bank; unfortunately, however, it had access to the casino and it was that access that greatly assisted its downfall. Very early on, the FSA, if not the Bank of England, identified Northern Rock as one of the legendary outriders, operating way beyond the general mass of its competitors and going far out on a limb. However, had that bank undertaken some de-leveraging and sorted out some of its wholesale

I wish to examine the idea of success and the direction in which we are to go now. The PAC report comments that

"Goldman Sachs commenced work as the Treasury's financial adviser in September 2007".

It has been interesting to see reports of Goldman Sachs's current profitability and the bonuses it is paying—no doubt, it secured a decent fee for its work for the Treasury. It is also interesting to read that the agreement between the Treasury and Goldman Sachs, which

"included a monthly retainer plus a success fee",

was not reached until some time after Goldman Sachs commenced its work, but that "success was not defined." I am not certain whether success is defined now or what Goldman Sachs is likely to receive by way of a success fee. Nationalisation is one thing, but if the public are to get some success out of Northern Rock, some hard work needs to be done. It is not just a matter of paying Goldman Sachs some sort of success fee, based, no doubt, on its view of what constitutes success.

Some work has recently been done on the potential for restoring Northern Rock as a mutual—dividing it into a good bank and a bad bank, with the bad bank being managed out by UK Financial Investments and the good bank being put back into the market as a mutual, perhaps to encourage revitalisation of the mutual sector. Some good work has been done on that, particularly by the Building Societies Association. I hope that the Treasury, the Public Accounts Committee, or both will consider the possibility that value for money for the public may be gained from more than the financial repayment of the support Northern Rock was given. If Northern Rock was returned to the market as a mutual, it could be a catalyst for the revitalisation and expansion of the marketplace for financial companies—banks and mutuals. Our aim could be not only to get Northern Rock back into the market and to get back some of our money, but to use it as a means of kick-starting a renaissance in the mutual sector. I hope that the PAC, the Treasury or both will look at that in the not-too-distant future.

Finally, I thank the members of the Committee for all their hard work. I think that it is about the oldest Committee, and it is clearly one that should be given all the support and resources that it needs. After the next election and over the next few years, saving money, as opposed to just spending less, will be an extremely important component of any Administration. Whoever serves on the Committee, they will be providing a valuable service to this country and to the enormous number of people who feel very let down in many ways. If they begin to see that Parliament is on their side in saving their money and improving their services, that will do a great deal more to restore the reputation of this House.

2.45 pm

Mr. Austin Mitchell (Great Grimsby) (Lab): We can assume that this will be the final debate about the reports and activities of the Public Accounts Committee before the election, which will probably be on 6 May next year, I understand. Before people rush from the Chamber to make a note of the date in their diaries, I

to work for up to six months until the election and there will be matters to report on during that period. We need to keep up the pressure on government to improve performance which these six-monthly debates give us. This is our one voice that is heard more widely than our mere Committee hearings and reports, and we should use it to the maximum.

As befits a deferential member of the Committee, I agree absolutely with our Chairman, the hon. Member for Gainsborough (Mr. Leigh). He gave a commanding overview of what we have reported, and he pointed out the serious savings that, based on our reports, can and should be made. The Committee has identified a number of failures that if rectified would produce serious money that could be used for other things which, if implemented, as I hope they will be, would provide better government and a more efficient public service. We need to keep up the pressure, rather than say that we will abandon it now to go into the wild fields of electioneering, with all the media exaggeration of what can and cannot be saved. Today I am perfectly happy to echo the hon. Gentleman, and to take time out of my own campaign to retain Great Grimsby as a Labour seat to back him and the Committee's efforts.

Being a member of a Select Committee is generally one of the few delights of a Back Bencher's somewhat dreary and pressured existence, but being a member of the Public Accounts Committee, which as the hon. Member for South-East Cornwall (Mr. Breed) said is the oldest—and certainly the best—Committee, is the best part of the job. It has been a sheer pleasure to be on the Committee and see so much of the inner workings and possible failures of government, so I congratulate the Chairman on his chairing of the Committee and his summary today of our performance. With that grovelling servility, I shall move on to my own remarks.

These debates are a chance to establish an overview of the Committee and the failures in government that it points up. At the Public Accounts Commission the day before yesterday, I was delighted to hear that that is also the intention of the new Comptroller and Auditor General. He wants to develop a system for bringing out the common patterns of failures and weaknesses in the public services. I hope that that will ultimately produce a manual of mistakes that have been made, which will be an invaluable practical teaching guide, particularly for the training of civil servants. It will also be valuable to us, as a Committee, in letting us know what to look for in terms of the common patterns of failure and chief weaknesses. That will put our debate on a very practical level as opposed to the emotive comment and populist onslaught from the media, who take minor failures, exaggerate them as if they were general practice and then denounce the entire machine—the civil service and Government Departments—for failing to take account of them.

That emotive level of debate is not an appropriate one for us: our job is to find the common patterns of failure and to eliminate them. That will become even more necessary as the recession increases the importance of Government intervention. From my point of view politically, the problem is not big government, as the Leader of Opposition has identified it—it is not about the scale of government but about the efficiency of Our job, as a Committee, is not to argue about the scale of government but to make it more efficient and to see that it functions economically and effectively to serve the purposes of the public. We are not part of the populist argument, but we are an invaluable tool. The real need is not for bigger or smaller government but for efficient government and an efficient public service, which will itself be more economical, as our Chairman said, and save an enormous amount of money for the wider purposes of government, giving more satisfaction to the people.

I want to concentrate on the pattern of common failures and weaknesses in government that are responsible for a lot of the opprobrium in which Government Departments can be held. I am interested in the notion of the continuous grinding away of efficiency savings year by year whereby we can count on a certain amount for, say, this year. That is often responsible for fairly disastrous failures.

At the Rural Payments Agency, for instance, the efficiency savings led to the firing of public servants and a diminution of the role of the RPA just as it hit the crisis of rural payments and the common agricultural policy, and it had to re-employ people to do the job and provide the knowledge that the fired civil servants had provided. That is not efficiency, but gross incompetence. This is not just about relying on a grinding process of efficiency savings—we need an invigilation of the processes to ensure that they are effective instead of imposing a general restraint on them.

Let me give my view of the common problems. First, there is the propensity to spend huge sums on consultancy payments, largely to the big accountancy houses, which under this Government have grown fat on enormous contracts. Admittedly, I slightly exaggerated in our last debate when I gave the figure in billions rather than millions of pounds; I do not suppose that it is possible retrospectively, at a six-month remove, to correct *Hansard*. However, whether it is millions or billions, these sums are still huge and unjustifiable. It is an abdication of responsibility by Ministers, who formulate a policy and get it sanctioned by a consultancy report without giving the civil service—the senior civil service, in particular—its normal role in policy formulation, which is to encourage, to advise and to warn. It becomes a coalition of Ministers and consultants who justify the policy on the basis of consultancy reports and then use them to argue in its favour. However, those consultancy reports are often ineffective and they are all an expensive way of anointing and sanctifying particular projects.

Many of the reports have been inadequate—we heard of an example in our hearings just this Monday as part of our inquiry into Metronet. Tens of millions of pounds were spent with Freshfields, PricewaterhouseCoopers and other big consultancy houses for auditing the contracts, giving advice on them and ensuring that they were okay. At the end of it all, despite all the advice and what it cost, the contract with Metronet effectively bombed. It was not valid or effective. It did not provide the Department for Transport with a means of controlling output or performance, or really with any role in performance at all. It was partly responsible for the failure of the Metronet project and the fact that the Government had to pay £1.7 billion in the first instance before that fell

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public money—more than £400 million effectively wasted—because of inadequate corporate governance and oversight, and because the contract itself was not an effective way of maintaining control.

That is the situation all too often. We get advice from consultants, who are not then held accountable for the failure that they should have anticipated. There needs to be more effective oversight, and not just by the Committee, because our oversight is posthumous. The money is gone by the time we come to deal with it. We try to close stable doors after horses have bolted at enormous expense. Oversight should perhaps be provided by the Office of Government Commerce, which needs a stronger and more effective role than that of an advice service or the toehold of accountancy houses in Government so that they can push their case for contracts. It should have an audit and control role over those contracts, and it should ensure that performance is adequate. If it is not, it should demand sanctions and penalties.

The same is true of IT contracts. All too often, Departments seem incapable of dealing with the wily stratagems and sales patter of consultancy salesmen, particularly from the big houses, who offer expertise, but over-praise the product in question and forecast that it can do more than it actually can. Departments, in turn, try to set too many objectives to be accomplished, which always leads to failure in IT contracts. When we try to do more with an IT system than it can bear, it inevitably breaks down and performs inadequately. There is failure on both sides, on the part of the Department and the salespeople.

We see that problem in various reports before us. Implementation of the defence information infrastructure programme is running 18 months late. We recommend that the Ministry of Defence should ask its contractor ATLAS to monitor and report regularly on the health of legacy systems and develop contingency plans for each system, funded by the management fee that it receives. That is an explicit criticism, but it is too late. The matter should have been overseen by the OGC and the MOD itself when the contract was agreed.

The hon. Member for South Norfolk (Mr. Bacon) will no doubt wax eloquent about the NHS national programme for IT, as he has so often in the past. Here is a contract, however, that is so curious that it is inexplicable to me. Our report showed that the care records service is at least four years behind schedule. Of the original four local service providers—the main suppliers responsible for implementing systems at local level—only two remain. The others have dropped out.

The Government have found that while they can direct NHS trusts and primary care trusts to take the systems, they have no such power over foundation trusts, even though the system would generate substantial benefits for patients. Therefore, foundation trusts have not participated, which pulls the plug, in my view, on the whole system. That is another example of a contract that was not adequately thought through or adequately audited right at the start.

The Government were trying to do too much with the systems, which were over-sold. Departments need better they deal with. As the Chairman said, no taxpayer pound should be the source of easy profit. That is an absolute maxim. However, in consultancy and IT services, the taxpayer pound has been a source of far-too-easy profits. We need to control that, exact penalties where necessary and blacklist firms that are over-selling in that fashion to see that they do not make the same profits and mistakes in future.

The third common factor that we point out and which I derived from the reports we are dealing with today is that the Government do not think through their purposes or the difficulties of achieving their objectives clearly enough. Because they are an idealistic Government, and because my party is idealistic, they are a Government of impulsive gestures—"We will do so and so!" The gestures come from the heart, which is okay—most of my gestures come from the heart; it is just that I am less competent than I assume the Government to be—but the consequences of implementation are not thought through. If projects fail, it increases public alienation and cynicism about the Government's purposes and objectives.

Our report on the letting of rail franchises by the Department for Transport includes another example. One would have thought that that was a fairly straightforward technical and financial matter, but our report shows that promises, with Government concurrence,

"of bringing 1,300 new rail carriages into service by 2014"—

we should do that because of the overcrowding and pressures, particularly on London commuter services but also on the east coast main line, which I use—

"look over-optimistic",

which they are. We promised 1,300 new rail carriages by 2014, but, as the report continues:

"There are only 423 on order so far, and another 150 carriages are the subject of negotiations. It takes 30 to 36 months to mobilise the supply chain",

so there is no prospect of that happening. It just was not thought through. We issue the promise—rightly, because it becomes something that we want to achieve—but we do not take account of the practical considerations in delivering it.

There are more examples of things that have not been thought through in our "Widening Participation in Higher Education" report, the result being:

"The Department..."

has not developed

"a single source of information to enable potential students to identify easily the bursaries and grants for which they may be eligible."

If participation is to be widened, that is a fundamental, straightforward requirement, but it was not done. Guidance to young people on how to access higher education is a variable quantity. The Department and its partners should develop guidance on the financial support available. Again, we will the end, but do not define the means. It is another failure to think things through.

The same problem is seen in improving adult literacy. We proclaim the intention, but we do not use the practical means of fulfilling it, such as educating people in prison. The same is true when it comes to energy use

too many means, none of which make enough of an impact to achieve the objective. That is the third common pattern of weakness.

I also include tax credits, which have been the subject of a long series of considerations by the Committee and the NAO. Tax credits were well intentioned. It was right to put money in the pockets of less well-off working people and to pay it to them directly through the tax system. But because of the excessively strict rules on which the Treasury insisted, the system was inflexible. The earnings of people who are in and out of work fluctuate wildly, and the result is overpayments or underpayments, and poor families end up facing demands for enormous sums that they cannot possibly pay back in the time allowed.

Mr. Breed: I am sure that the hon. Gentleman's analysis is shared by us all, but does he agree that part of the problem is that face-to-face meetings have almost been abolished, due to the use of IT, so people cannot sit down and go through their details with someone? When people are trying to sort out their tax credits, they have to go through up to four different offices, never speaking to the same person more than once. Trying to sort the problem out has been vastly too expensive and protracted, and has only increased the agony and stress of the people the tax credits were designed to help.

Mr. Mitchell: I agree with the hon. Gentleman. The tax credit system has been combined with the dreaded efficiency savings, which have led to the closure of offices in Manchester and Bristol, and the concentration of services in Birmingham. Grimsby has lost the ability to conduct face-to-face meetings. The Child Support Agency is another case in point. It tried to provide face-to-face meetings through regional facilities, which quickly failed. A particular problem with the tax credits is that MPs have a hotline, and direct access, but the public do not. People want the system to be explained to them, so what they can apply for is explained to them and what they cannot apply for is justified. That cannot be combined with efficiency savings that reduce the staffing levels of HMRC offices up and down the country.

The same problem happens with jobseeker's allowance. People want face-to-face advice, but increasingly they have to obtain advice through the internet or on the telephone. That is not an adequate approach to dealing with a sector of society that does not have the greatest understanding of the system—I do not, and they certainly do not—and how to work it. In all these instances, the failure to think through how to implement the Government's good intentions more effectively is a major weakness.

The Chairman dealt with the issue of defence procurement effectively, and we have had effective control over that area. The major problem in that respect is that we have entered into commitments in Afghanistan and Iraq—in my view, we should not have entered into them—without the means to fulfil them. The result has been an enormous increase in spending, including last-minute increases, and unsatisfactory performance.

The basic problem is that we are trying to fight a war that is over—the cold war—with weapons of high-technology, aircraft carriers and speed frigates mustered now face continuous bushfire wars scattered around the globe, for which we need not high-technology equipment, but simple, straightforward and reliable equipment and a power to intervene rapidly.

I shall not go into that further—I just wanted to mention it—but it is part of the weakness of failure to think through what we are doing. I am not criticising the Government's good intentions—as I said, I, myself, am overflowing with them—but I am questioning their practicability and the Government's failure to think through the problems.

Another of our difficulties is that we are deal with everything posthumously. We are trying to close the stable doors after the horse has bolted; we are dealing not with the people who caused the problem, but with their successors, who naturally come along, profess every good intention and promise that it will not happen again. They go away and, in the main, implement our reports, but if we cannot get the perpetrators, it is a very unsatisfactory way to proceed. We got them once on an issue concerning the Rural Payments Agency, and it was very illuminating, but we did that only after exceptional effort. It should be part of our routine that we are able to speak to the people directly responsible for the problems.

We need a power to ensure that our recommendations are implemented—in other words, we should be able to audit them after a year to see whether they have been implemented. We also need wider access to bodies. As the Chairman of the Committee said, it is ludicrous that we cannot cover a major spender such as the BBC, which would be less criticised for being over-grandiose and imperialistic in its ambitions to run everything if it gave the assurance that it would be effectively audited by the Committee and the NAO. That would guarantee that BBC spending was efficient, effective and welcome.

I think also of the Financial Services Authority, the Bank of England and the civil list. I do not particularly want to remove the glitter that surrounds the civil list—I have lost my earlier enthusiasm there—but Buckingham palace, in its attempt to explain to us exactly what was involved in the maintenance and repairs at the palace, missed a good opportunity: we were invited along, but not given any food, which did not produce the best and most welcoming mood. I did not go for that very reason. If we were not to be fed, I did not want to know, although perhaps that was selfish on my part. As an ambitious over-eater, going to the palace would have satisfied my social-climbing ambitions, but not my culinary ambitions. We should certainly cover the civil list, but I say that with no great enthusiasm.

The Committee also needs a bigger staff. The NAO has a big staff; its work is welcome and important, and its staff are very good—I am constantly impressed with them. However, we need a Committee staff to fill in the gaps between the NAO reports and our inquiries. Those are often media gaps: what has the debate centred on since the NAO reported, which quite often happens a few months before we deal with a given matter? What is the measure of public opinion? What have the media been saying about the issue? What has *Private Eye*—often a valuable source of information—been saying? What has happened in the Departments concerned since the

[Mr. Austin Mitchell]

However, with those reservations—and, I am afraid, a somewhat excessive contribution, justifying my desertion of Grimsby's needs to be here tonight—let me say that, for me, this has been six months of real pleasure, interest and effort, in one of the best jobs on the best Committee serving the House.

3.15 pm

Mr. Richard Bacon (South Norfolk) (Con): I am sure that we are all equally horrified by the fact that the hon. Member for Great Grimsby (Mr. Mitchell) has finally brought his remarks to a conclusion. I thought that he was just getting into his stride, but alas, we shall have to wait until next time.

It is a great pleasure to take part in this debate and a particular pleasure to see the Exchequer Secretary in her place, because she was for some time a doughty member of our Committee, bringing an expertise in defence. I remember being in the Pentagon with her on a Committee visit when we were all jaws agape at her penetrating analysis of world defence problems. I only hope that she brings the same penetrating glare to public expenditure from inside the Treasury and applies what Sir John Bourn described as a necessary maxim in defence procurement generally: namely, that we should have rather less infanticide and rather more contraception.

I will be relatively brief and concentrate on two issues, one general and one specific—the National Audit Office and its strategy, and one of our reports, about the national programme for IT in the health service. The hon. Gentleman was right that there is nothing that I like better than wallowing in the interstices of the national programme for IT. I am delighted to say that on this occasion I can do so within the terms of the motion, because one of the reports that we are focusing on is about that subject.

However, I would like first to say a quick word about the Comptroller and Auditor General, whom we were pleased to see in his post and giving evidence recently about the NAO strategy. He said something in the new strategy that I thought was particularly interesting. It is quite obvious that his beady eye has been caught by the fact that permanent secretaries have to sign statements of internal control. That sounds pretty anorakish—perhaps because it is—but it is important, because it means that permanent secretaries have to write, in their own blood, that they have no reason to believe that their control systems are not up to the job in hand of controlling the resources of their Department.

Depending on how the NAO treats it, that is potentially a serious thing for permanent secretaries to be saying, and it is clear that the new Comptroller and Auditor General intends to hold them to their word. Indeed, in its new strategy, which runs from 2010-11 to 2012-13, the NAO has been quite explicit that:

"public bodies need to be confident that the resources for which they are responsible are appropriately managed and controlled."

The strategy continues:

"We intend to strengthen the work we do on statements of internal control to ensure that they are supported by robust evidence that controls are sufficiently reliable."

it has been happening, at least in outline or process form, but it has plainly not been happening to a sufficiently strong degree.

The central issue is how people in Whitehall are promoted and end up running Departments. Indeed, Mr. Amyas Morse, the Comptroller and Auditor General, made that point in evidence to the Public Accounts Commission just the other day when he said that the NAO is to set out some thought leadership on the elements

"in a basic management culture that you'd expect to see if you're going to be able to drive and control resources effectively."

He continued:

"I do think you can't assume in the public sector that's an inherent management culture of the kind that you find in the private sector because people don't spend their whole lives in the public sector trying to improve profitability. They would say to you, 'That's not my first role'."

He added:

"So the ideal skill set for the civil servant isn't one primarily focused on being able to control resources very tightly against particular objectives."

In fairness, he also pointed out that

"the organisations were created with different ends in mind so trying to champion that in the public sector is something that we need to work at".

It has already been pointed out that, in the present financial climate, the capacity to control resources very tightly against particular objectives is going to be an essential feature of successful management in the public sector in the years ahead.

That brings me neatly to the national programme for information technology in the health service. That was the subject of our second report, which was published on 27 January 2009. Members will know that the programme is now expected to cost £12.7 billion, although the original figure that was floated was £2.3 billion. It went up to £6.2 billion, then it became £12.4 billion, and now it is £12.7 billion. In a nutshell, the central problem is that, in the entire period since its inception, no serious public work has been done to compare what is to be delivered by the programme with the original output-based specification in the contract—not least because the contracts are all secret and we cannot see what they say. If such a comparison were to be done, it would show an enormous gap between the two. It was only the extremely high ambition of the output-based specification that justified the enormous cost of the programme in the first place.

Over the years, the programme has been steadily de-scoped further and further—in many cases, behind the backs of NHS managers—so that, one day, the providers will be able to say, "Look, we've delivered, and it's a success. We've achieved our objective." It will not be the original objective, however. These actions make it extremely difficult to compare the outcomes with the original objective, but some of us remember that objective.

The Treasury minute that responded to our Committee's report is liberally sprinkled with the sentence

"The Department accepts this recommendation."

That is very welcome news. I want to turn in particular

"the Programme is not providing value for money at present because there have been few successful deployments of the Millennium system"—

a software system provided by a company called Cerner—

"and none of Lorenzo"—

another software system, from a company called iSoft—

"in any Acute Trust. Trusts cannot be expected to take on the burden of deploying care records systems that do not work effectively."

That is good news. The Committee's conclusion continued:

"Unless the position on care records system deployments improves appreciably in the very near future (ie within the next six months), the Department should assess the financial case for allowing Trusts to put forward applications for central funding for alternative systems compatible with the objectives of the Programme."

I want to take a moment to look at some of the Treasury's responses to those points. The Department's response No. 17, on page 11 of the minute, states:

"Although the Department does not agree the six-month timetable, it does agree that the position on the deployment of care records systems needs to improve appreciably over the coming months".

I do not think that anyone would disagree with that. Indeed, the Exchequer Secretary's predecessor did not disagree with it, when she wrote to me on 14 November 2007, following a debate on the work of the Committee on 23 October 2007, in which I raised concerns about the Lorenzo system and said that I was worried that the statement in the Treasury minute that Lorenzo would be available by the end of 2008 was incorrect.

The hon. Member for Wallasey (Angela Eagle) was Exchequer Secretary to the Treasury at that time, and she replied that it would indeed be okay in the end, because Lorenzo was going to be deployed around what were called early adopter sites in the summer of 2008. She went on to say that

"early adopters will get access to the first release next spring"—

that is, spring 2008—

"and the second release later in the year, prior to their being made more generally available three months later."

The fact is that there has not been a single deployment of Lorenzo in 2009, and there has not even been a plan to have a single deployment of it. The reason is that the handful of deployments attempted have been an absolute mess, causing chaos in the hospitals where they were tried. That brings me back to the Treasury's conclusion in response No. 15, where it says that it

"does not accept that the Programme is not providing value for money at present."

I tabled a question yesterday about the number of hospital trusts where Lorenzo has been partially deployed, asking how many users—how many concurrent users—of Lorenzo there are. I look forward to the answer, but the Exchequer Secretary will not need to consult the written answer that has not yet been written to know that the answer is not very many. It is literally just a handful, which means that the cost per user is not what one would expect. If one was deploying a software system in an acute hospital with 3,000 to 4,000 workers, one might expect that the cost per user would be a few hundred pounds per user per year, but the cost is going to be many hundreds of thousands—possibly even more—with conclusion No. 15—with the Treasury saying that it does not accept that the programme fails to provide value for money—I simply do not understand.

It is not just that Lorenzo is not working. The other system produced by the other main company involved—the Cerner Millennium system—has also caused absolute havoc where it has been deployed. Barts hospital has been forced more or less to its knees because of the Cerner Millennium system. Back in March this year, it suspended its 18-week reporting—one of its obligations, saying it expected to resume them in September. It did not do so, and by the beginning of this October it had a backlog of 23,000 breaches.

We could talk about missed targets, but what really matters is that patients are being kept waiting longer than they should—in some cases, for longer than six months—because the hospital is unable to manage its information as a result of struggling with that dreadful system. As a consequence—it gets worse—the hospital is to be fined £400,000 a month by its primary care trust, NHS Tower Hamlets. This hospital already has a deficit of £6.7 million. That is no reflection on the clinical work done at Barts hospital, some of which is absolutely outstanding—world class, with no question about it. Yet having a system that does not work properly foisted on it is hampering its ability to continue to be a world-class hospital.

I am afraid that it gets still worse. Under the terms of the contract that the NHS has signed with the local service provider, BT, to deploy Cerner Millennium in the south of England, if the NHS fails to deliver four new greenfield sites that are ready and willing to take the Cerner Millennium product, it will be liable to pay BT £44 million. If all goes well, the Department of Health will pay £73 million to BT for installing Cerner Millennium in four hospital trusts in the south, but not if those trusts baulked at taking the software—they would, of course, be quite right to do so because it does not work. What is more, the Treasury tells them that they do not have to take it, as note No. 16 of the Treasury minutes states:

"Trusts will not be expected to take the systems until they work effectively".

Thank you, Treasury—and quite right, too! That means that if the trusts cannot be persuaded to take the systems because they do not work—they will not, of course, if they do not work—the taxpayer will have to pay BT 60 per cent. of that £73 million for not taking them.

By the way, this is not as a result of one of the old contracts; it is a result of a contract signed quite recently. Let me quote from a piece in *e Health Insider* of 1 October:

"The liabilities date not from the beginning of the National Programme in the NHS but are set in a contract signed just three months ago".

There are still some very serious problems with the national programme for IT in the health service.

Mr. Leigh: In the light of my maxim that no taxpayer pound should be a source of easy profit, has my hon. Friend conducted any research into how much profit

Mr. Bacon: I am afraid that the answer is extremely hard to find. The Government will say that value for money has been obtained precisely because the original contract required that suppliers were not to be paid until they had delivered, but the position is not quite as simple as that. In some instances suppliers have been paid by the back door in respect of other programmes, and it is therefore difficult to see where they have made money and where they have lost it. I have little doubt that suppliers have lost a lot of money, but I would much rather see them offer the NHS something that it wants and be paid a reasonable profit in return than see patients kept waiting, hospital waiting lists in a complete mess, and hospitals unable to tell whether they have sent cancer patients messages with the results of their oncology tests. I would much rather see something that actually worked and produced value for money.

Our recommendation 6 states:

"Unless the position on care records system deployments improves appreciably in the very near future",

the Department of Health should allow hospital trusts to seek central funding. We think that rather than funds going to local service providers that have not delivered, trusts should be able to look to the Department for those same funds, in order to spend them on systems that they actually want and that stand a chance of delivering something. That is the way in which to achieve value for money.

We have already lost a great deal that we are not going to get back. What I want to hear from the Exchequer Secretary is how she thinks we can start making some sense of this mess, and how she thinks we can start receiving sensible answers to some of the questions that a number of us have been asking for a very long time.

3.31 pm

Mr. Greg Hands (Hammersmith and Fulham) (Con): This is the second of these debates to which I have responded on behalf of the Opposition. In my parliamentary experience at least, they remain unique in respect of the multiplicity of subjects covered. In some contexts breadth is an indicator of superficiality, but the reports that we are considering today provide ample evidence of the forensic abilities of the Public Accounts Committee, and I am delighted that we have heard from a few of its members this afternoon.

We were, of course, treated to a masterly opening summary from the Committee's Chairman, my hon. Friend the Member for Gainsborough (Mr. Leigh). It is a great sadness and a great pity that this may be the last debate of this nature to take place under his chairmanship. I have seen in his office on the second floor of this building the photographs and engravings of his predecessors, and I am sure that his own portrait will be a worthy addition to that collection. It may even end up having pride of place, given his work over the past eight years.

I shall talk in due course about the importance of my hon. Friend's contribution and that of his Committee in the current context of a record public sector borrowing requirement and a record deficit, but let me say first that, during his eight years in charge, my hon. Friend says that he has secured £4 billion in savings, which is indeed a proud record, but he does not want to rest on his laurels; he wants to do more. If he is able to find a further £4 billion in savings, perhaps over the next six months, we should all be extremely grateful. I had been going to say that it would be even better if he could find £175 billion in savings, but in fact he helpfully told us where further large-scale savings to the tune of £9 billion might be found. I am sure that my colleagues in the shadow Treasury team will examine that in some detail in the coming months.

While giving the details of where savings could be made, my hon. Friend also attacked increases in Government spending in many areas. One of the more remarkable facts is that at the same time as the rapid increase in public borrowing, there has been a 4.8 per cent. increase in Government spending over the year to September. That is, of course, far above the rate of inflation.

I commend the Chairman for his years in charge. I am sure that he will maintain his close scrutiny of public spending after the election in whatever role he takes on—although I for one hope that we may squeeze in one more public accounts debate if the Government decide to delay the election until May or even beyond.

The hon. Member for South-East Cornwall (Mr. Breed) highlighted two or three important reports, including one on the appalling blunders on the Chinook project, about which I will talk as well. I was a little more surprised by his words on Trident. If I understood him correctly, he was praising the good work at Devonport dockyards and the boost to the local economy in Devon and Cornwall as a result of Trident. But he then went on to tell us that he was not in favour of renewing the project. I am not sure how that will go down in that part of the country.

The hon. Gentleman was on much safer ground when he referred to CDC and its failings, which I will also mention. One of the other reports that he mentioned—I was not going to look at this one—was on the letting of the rail franchises, a fascinating topic. Generally I am a strong supporter of privatised rail. I have used trains in the hon. Gentleman's constituency quite a lot. He knows that I was brought up in Looe. The last time I took the Liskeard to Looe line was in 2007, when I thought that the quality of First Great Western rolling stock on that line left a lot to be desired. I hope that it has been renewed since. *[Interruption.]* By the look on the hon. Gentleman's face, it would seem that, unfortunately, it has not. Nevertheless, it is still a delight to use the Looe valley line in his constituency.

The hon. Member for Great Grimsby (Mr. Mitchell) was unique in being a Labour contributor to the debate. I agree that efficient government is essential but I must strongly disagree that big government is inevitable. Big government is by its nature inefficient.

Mr. Austin Mitchell *indicated dissent.*

Mr. Hands: I see the hon. Gentleman shaking his head but I challenge him to find anywhere in the world that has gained efficiency by increasing the size of its government. However, I agree with him on the huge

of the new Labour Government over these past 12 years has been the extraordinary waste of money on consultancies.

I am looking forward to seeing the Committee's report on Metronet—the report is not before us today—whose failure will have a direct impact on my constituents. I am glad that the hon. Member for Great Grimsby raised the issue today. He rightly focused on a number of MOD, education and other IT projects and, despite our vastly different political views, I think he spoke a great deal of common sense in terms of his desire to see better value for money in public spending, even though he and I might disagree on the precise size of the cake.

My hon. Friend the Member for South Norfolk (Mr. Bacon) spoke with his customary forensic skills and fluency and outlined important changes—I will have to read his comments carefully—as to how the NAO will effect better financial controls in Government Departments, which sound like they are welcome. He also said some important words about the culture of the civil service and on working to change attitudes in the public sector in the present environment to focus more on efficiency; getting more for less, as the leader of my party put it.

My hon. Friend then launched a devastating critique of the NHS IT contract and its moving goalposts in terms of objectives and what has been delivered in a project that will come to symbolise Government waste as whole over the past 12 years. His examination of the details of the failings and the Treasury's failure to get a grip, as well as the astonishing consequences for frontline NHS services, should be compulsory reading for all Treasury and Department of Health Ministers.

I mentioned the apparent lack of enthusiasm of Labour and Liberal Democrat members for debating the Government's earlier motion on securing the recovery. I note that, in this debate, there has been no Liberal Democrat speaker from the Back Benches and only one Back-Bench Labour speaker; although the hon. Member for Great Grimsby can hardly be described normally as a pro-Government speaker. It is a great pity that in a full day to debate first the economy and then the public finances, there has been almost no contribution from Labour or the Liberal Democrats.

Several themes have emerged today, but all against a common backdrop. No one in this Chamber can fail to be aware of the woeful state of the public finances. The deficit this year is projected to reach round about £175 billion; £14.8 billion was borrowed in September alone, the highest figure on record. September's borrowing brings net debt to a staggering £824.8 billion and means that debt as a percentage of GDP increased by 2.5 per cent. in just one month, to 59 percent using the Treasury's own figures. To put it another way, the Government are currently borrowing £500 million a day.

To see the seriousness of the situation we are all faced with, we only have to open the inside back page of *The Economist* and note that of the 42 countries in the magazine's tables, Britain has the worst budget deficit of all, currently estimated to be heading to about 14 per cent. of GDP. That is twice what it was coming out of the last two recessions. The work of the Committee becomes ever more relevant in such a context, and its

Value for taxpayers' money should, of course, always be a priority for those charged with its proper use, but it is a duty that the current Government neglected in a milder economic climate. Perhaps this was an unconscious effect of their verbal trick of labelling all spending as investment and regarding it as an automatic good irrespective of frameworks and controls, and sometimes irrespective of ends. Whatever the cause, there has certainly been a pattern of failure to ask the right questions or to draw the right lessons from mistakes, and the reports before us today provide further evidence to support this view.

Collecting the stack of documents from the Vote Office, one ended up with a veritable armful of reading after a slightly hassled clerk had fished out each of the 27 reports—I think that is the right number. As many Members have suggested, the large number of reports presents a dilemma as they all contain insights into their objects of inquiry but it is impossible to comment on all of them. I will focus on some of the reports that particularly interested me, but I shall be as comprehensive as possible in the available time.

A number of reports focused on defence. After both the roll call of those who died in the service of our country over the summer months and the general debate last week, the House has been particularly aware of defence matters since it returned from the recess. There are four reports on the Ministry of Defence before us. One has a particular bearing on the situation of our troops in Afghanistan, and all have some relevance in the debate over resources.

The Chinook helicopter provides crucial heavy-lift capacity for the Army. It played a battlefield role in the Falklands war and has done so ever since. The current versions were ordered in 1995, in what the PAC described five years ago as one of the worst examples of equipment procurement it had ever seen. The latest report on the eight Chinook Mk 3 helicopters suggests the delays are abysmal "even"—that is the Committee's telling phrase—by the MOD's standards. The Committee says:

> "The absence of these helicopters has meant that British troops in Afghanistan have had to make do with fewer helicopters, make an increased number of dangerous journeys by road and, due to the specialist nature of the Mk3, rely on heavily modified Mk2 helicopters for use on high risk special operations."

Further, the night enhancement package referred to at the end of the assessment is, as the Committee discovered, still regarded as a key safety risk by Joint Helicopter Command.

It is shameful that our soldiers have died from roadside bombs when additional helicopter support might have prevented the need for some of the road journeys they undertook and that our troops continue to undertake as we speak. While the Government can, and do, point to other measures they have taken since, that cannot alter the fact that our forces would be safer were it not for a series of Whitehall blunders, many of which have been examined by the PAC.

Even the abandonment of the "fix to field" project, a decision taken to accelerate additional lift capacity, led to a 70 per cent. increase in the costs of the successor reversion scheme. The Government dispute the Committee's claim that this was due to inadequate analysis and lack

[Mr. Hands]

The departmental response also seems reluctant to accept the MOD's tendency to over-modify what are intended to be off-the-shelf purchases, or the extent to which the pursuit of perfection on paper leads to defects, delays and cost overruns in practice. While they may sometimes be unavoidable, modifications of contracts run a high risk of undoing the advantages that off-the-shelf procurement can offer, and the attitude displayed is worrying. When our country is at war and lives are being sacrificed, it is damning to know that equipment shortages and deficiencies could have been avoided.

Almost the only encouraging note in the entire Chinook report is the reported 20 per cent. increase in flying hours resulting from joint work with Boeing on maintenance procedures. Better use of our existing assets will be essential in Afghanistan and elsewhere. The capabilities review that my Front-Bench colleagues have outlined is just one aspect of the Conservative response to these problems.

The other reports on the MOD indicate the scale of the challenges that may face it. The major projects report states:

"In the last year, the 20 biggest projects suffered a further £305 million of cost increases, and 96 months additional slippage... Total slippage stands at over 40 years".

Although we accept the uncertainties involving new technology, those statistics bear witness to endemic failures in project management in the Department. Projects are not mysterious entities, and basic causes of project failure are the same whether projects are defence-related or civil, public or private. Yet again and again in the pages of these reports we read about over-optimism and poor controls.

The report on the defence information infrastructure system is a case in point. The project was 18 months late at the time of publication as a result of fundamental weaknesses in planning. This huge project is replacing separate systems ranging from those within Whitehall to the onboard systems on Royal Navy ships. The cost was last estimated at £7.1 billion, and some 150,000 terminals are involved, yet assumptions were made on the basis of "totally inadequate research", the timetable was too ambitious and no pilot was undertaken before rolling out the implementation. Like so many Government IT projects—I will discuss the NHS IT system shortly—this one has come unstuck, and is 18 months behind schedule. It should not be necessary for PAC reports to have to include among its recommendations such basic advice as the following:

"Where accurate information is not available, assumptions should be prudent and cautious."

It is extraordinary that a need was felt for such basic advice to be included in the report.

Existing legacy systems are also known to be at risk of failing. Meanwhile, the Government's contractor, the ATLAS Consortium, has still to meet many of the original requirements. The capability to handle securely classified information and information held about personnel is in doubt. Perhaps the Minister could indicate what progress the Government have made on the continuing data security concerns. On major equipment procurement decisions, progress seems to have been ruled out. Ministers seem to be leaving all the difficult choices to a future Government. If their intimations of the future come to pass, our priority would be to introduce a much more rigorous and commercial approach. The Department must learn from complex civil programmes if it is to have any hope of completing projects on time and to budget. We believe that greater commercial discipline is the only way to deal with the management of vital and expensive military programmes, and it is essential that industry is brought into the process at an early stage.

As my hon. Friend the Member for Gainsborough also outlined, there are more encouraging signs from the Ministry of Justice and the Office of Government Commerce in respect of regular procurement from within the Prison Service—we are very pleased by that—which achieved cash savings of £120 million in the 2007-08 period under review. The Committee claims its share in that success and with some justification, as was acknowledged by the witnesses in its evidence session. The critical 2003 PAC report was used as the starting point for the reforms, which are now being implemented across the MOJ.

The use of online catalogues and procurement teams to make better use of the purchasing power of the service as a whole holds lessons beyond that one Department. The potential savings from allowing units within and across Departments access to each other's contracts are significant, and do not appear to have been driven forward by the Office of Government Commerce to the extent that they should. Prices and service levels negotiated by one become available to all, and low-volume purchasers benefit from the advantages of high-volume supply. That is an important way in which costs can be brought down—we will all have to pay more attention to this—in some cases dramatically, while also improving quality. The Department's response indicates that it offered to participate in OGC workshops and training events. On the basis of the Committee's evidence, I hope that that has happened.

The OGC's record on contract management is the subject of another of today's PAC reports. As it records, central Government spend more than £12 billion annually on IT and other service contracts, and there are some basic concerns. Of those contracts, 56 per cent. had no associated contingency plan for supplier failure whereas 28 per cent. had no documented management plan at all. Worse, the report goes on to state:

"Of the contract managers surveyed...25 per cent. of those responsible for contracts that had been running for at least three years had undertaken no value for money testing of ongoing services. And 41 per cent. of contract managers had not tested the value for money of new services."

The OGC's responsibilities are secondary, as it is obviously the Departments that provide the management. However, it accepts a long list of areas for improvement.

The oral evidence provided by the OGC's chief executive to the PAC at least seems to demonstrate understanding of what is required. As the Committee concluded, however, until Departments' behaviour changes, incidents such as the SATs testing fiasco are likely to recur.

Let me move on to the national health service information technology fiasco. Perhaps the most prominent contractual and project failure of them all is the national programme for IT in the NHS, with total costs projected to reach nearly £13 billion, assuming full implementation is ever achieved. The Committee's summary, in my view, is

surprisingly mild in the circumstances, although the facts speak for themselves. Most of the mistakes were made before 2006—before the period under scrutiny today—but there remains the question of whether the Government are throwing good money after bad. There are real doubts about the ongoing viability of the programme and one of the Committee's recommendations is to allow trusts to put forward applications for central funding to develop alternative systems.

Incredibly, in rejecting that recommendation, the Department of Health stated that it does

"not accept that the Programme is not providing value for money at present".

That must be one of the most extraordinary admissions from a Government Department in relation to the PAC. The Department has never published a compelling cost-benefit analysis for its top-down imposition of a structure for which there was so little demand and for which the costs were always projected to be vast. It seems that the Government will remain in denial until the very last.

The Opposition believe that integration should be pursued through local procurement that is open to national, open standards. Any action that we take if we are elected will depend on what we inherit, but we intend to halt and renegotiate the local service provider contracts to prevent further inefficiencies and to dismantle the central IT structure.

Mr. Bacon: I was interested to hear what my hon. Friend said about renegotiation of contracts because one argument that is sometimes adduced—wholly falsely, in my view—is that there would be such huge penalties that it would not be possible for contracts to be renegotiated. Does he agree that since disputes with IT contractors never end up in court and since IT contractors want to work for government again in the future, there is almost always a way through that does not involve huge penalties on either side?

Mr. Hands: My hon. Friend is absolutely right. The Government have, at their peril, underestimated their power in negotiating these contracts and ironing out details of them. In some cases, providers owe part of their existence to the Government, so the Government need to start punching their full weight in approaching this contract.

Let me move on to the Department for International Development—I shall try to be a little briefer on this point. DFID needs some scrutiny, and I do not think that many speakers have focused on this report.

In addressing the damage that the Government have wrought on the public finances, we have been clear that the NHS should not face budget reductions. However, that in no way removes the need for it to provide value for money. Given the increasing demands being placed on the NHS, efficiencies will also be essential. Similarly, although we gladly honour the UK's spending agreements on international development, the pattern of that spending and the associated standards of financial management must improve.

The PAC report on DFID's operations in insecure environments highlights the need for change. I think that many hon. Members will agree that DFID's performance in conflict zones such as Iraq and Afghanistan needs urgent improvement. Its spending in such environments has increased to more than £1 billion, but project success scores in the same environments have fallen while expenditure has risen. It is true that one might expect success there to be lower than in secure states, but the deterioration should concern all of those who want us to succeed in places like Afghanistan.

My hon. Friend the Member for Sutton Coldfield (Mr. Mitchell), the shadow Secretary of State for International Development, made a similar assessment when the PAC report was published. He said that

"brave DFID staff work...in dangerous environments to improve people's lives, but their individual courage must be supported by radical policy and management improvements."—[*Official Report*, 13 November 2008; Vol. 482, c. 1019.]

I fully agree with that.

It is important that the monitoring of projects for fraud and corruption is enhanced, as the risks of both are greatest in unstable countries, yet insecurity appears to have been used as a reason not to undertake full assessments of the expenditure made. Surely the potential for destabilisation demands the opposite approach—we should be more careful about expenditure in such environments.

The PAC report on departmental oversight of the CDC group has been highlighted by a couple of speakers. It reveals further failures to monitor and control public spending in an effective way, and that is especially true when it comes to the remuneration of senior staff. The strong financial performance of CDC notwithstanding, it cannot be right that the chief executive of a company that is wholly owned by the taxpayer received an increase in pay of nearly £600,000 in a space of just four years. It is extremely hard to justify total pay of around £1 million when one has complete job security and, despite the fact that the Department has tried to make comparisons with the private sector, when one does not have to compete for capital to invest. We have drawn attention to excessive pay in quangos, and this appears to be a parallel case.

A number of the reports about education and skills were equally damning about many aspects of the Government's approach in recent times. In due course, we will all end up paying for the deficiencies in literacy and numeracy on the part of both children and adult learners. To the Government's credit, the departmental responses to the indictments in the PAC's reports on schools acknowledge that too few people possess the key skills. However, there is little indication of fresh plans to turn the situation around, and we can ill afford the current lack of progress to continue.

In conclusion, we need to return to the question of the size of the deficit. As we know, the Government are borrowing around £500 million a day, and one has only to see the various reports from OECD and other bodies to grasp the seriousness of the situation.

The deficit poses grave dangers to the country. Ours is the worst of any major nation, but the Government sometimes say we do not need to worry because, as a percentage of overall gross domestic product—as I said, it was at 59 per cent. but it is rising rapidly—it is still below the level in other countries. For instance, in Japan it is 188 per cent., in Italy 116 per cent., in Germany 78 per cent., and in France 77 per cent. The Government remind us that our deficit is only marginally larger than that of the US, but a number of the countries

[Mr. Hands]

in that list have very strong domestic savings markets that we unfortunately lack. The danger is that we could become overly dependent on foreign buyers of our gilts.

I end by returning to the theme of the day. The need to make savings can never have been greater, as with the need for proper scrutiny of what is spent—hence the role of the PAC. I think that all hon. Members owe a debt of gratitude to the Committee and its Chairman, my hon. Friend the Member for Gainsborough. I look forward to hearing the Minister's response to a number of the points raised in the debate.

3.59 pm

The Exchequer Secretary to the Treasury (Sarah McCarthy-Fry): It is an enormous pleasure to respond to the debate on behalf of the Government. As the hon. Member for Gainsborough (Mr. Leigh) said and the hon. Member for South Norfolk (Mr. Bacon) mentioned, I have served as a member of the Public Accounts Committee under the chairmanship of the hon. Member for Gainsborough, and I congratulate him on the work he does. I am no stranger to public accounts debates, either: by looking back in *Hansard*, I confirmed that I attended and spoke in the debates on 26 January 2006 and 18 July 2006; and, after leaving the PAC on becoming Parliamentary Private Secretary to my right hon. Friend the Member for Wentworth (John Healey), who was then a Treasury Minister, I attended the public accounts debate to which he responded.

Serving on the Committee and seeing how ministerial decisions have been implemented gives one an insight that is really helpful when one takes up a ministerial post. We all know that Ministers make decisions in good faith—that was mentioned by my hon. Friend the Member for Great Grimsby (Mr. Mitchell)—but, of course, that is not the end of the story. If those decisions are not implemented effectively, it undermines both the policy and the Government's relationship with the people. That is why the Government have increasingly emphasised policy delivery—actually doing what we said we would do. Today's debate has again emphasised not only the wide-ranging nature of the Committee's work, but the fascinating insight it gives its members into the way government works. As a former member of the Committee, I can attest to that.

The Committee builds on a great, long and proud tradition of ensuring that public moneys are properly accounted for and provide value for money, and that the appropriate lessons can be learned when reports are produced. In these times when money is tight, as many speakers mentioned, it is even more important to ensure that we get the best value for money for every pound spent. That is where the Committee keeps Government up to the mark. I have just seen the letter from the hon. Member for Gainsborough to the Chancellor, which again illustrates the benefit that the Committee provides in terms of improving value for money.

In his letter, the Chairman gives examples of how the Committee has helped Departments to achieve substantial savings and of where he thinks we can go further. All such suggestions are, of course, gratefully received. I do not want to match his list with a list of what the Government are already doing in each of the areas he highlights in his letter, nor do I wish to anticipate what we might say in our response to it, but I shall give a couple of examples. In financial management, where the hon. Gentleman highlights back-office costs, the Government have targeted savings of some £4 billion through standardisation and shared services; and in public sector procurement, we expect to achieve savings of some £7.7 billion through the operational efficiency programme. We all acknowledge that there is more to do, however. We shall examine with interest the specific examples in the hon. Gentleman's letter, and respond to his comments.

Mr. Bacon: On the point about shared services, will the Exchequer Secretary always bear in the back of her mind, if not the front, the Committee's report on shared services in the Department for Transport? That was the project that cost about double the amount it was supposed to save and the computer spoke to people in German.

Sarah McCarthy-Fry: I am sure that that will be borne in mind when we are looking at the use of shared services. When considering how we can improve procurement, a one-size-fits-all process does not work. In discussions with one of the officials taking over procurement, it was made clear to me that, when looking at outside procurement, one sometimes has to take into account local factors that can deliver better value for money, rather than just look at the matter across the piece. That is certainly something that I take very seriously.

We know that some 90 per cent. of Committee recommendations are accepted by Departments. That shows that the process of investigation by the National Audit Office, Committee hearings and Committee reports are useful. Departments improve as a direct result of the investigative process: for example, in its 13th report, the Committee acknowledged that the Department for Work and Pensions' handling of customer complaints had significantly improved since the 2005 report by the Comptroller and Auditor General.

Many reports are critical, but what is good about the Committee is that, even in a critical report, it gives credit where credit is due. It was therefore helpful that in its 18th report, which a couple of hon. Members have mentioned, the Committee acknowledged that the Commonwealth Development Corporation had performed well, outperforming the market while investing in poor countries, since the Department for International Development restructured it in 2004. The Committee acknowledged also that, since taking over from the Strategic Rail Authority, the Department for Transport had, in letting rail franchises, delivered to planned time scales and protected taxpayer interests.

The Government's perspective on accountability has inevitably been coloured by recent events in Parliament and elsewhere, and those have placed increased emphasis on the need for public accountability from all public institutions and public servants. There is a greater awareness of the value of transparency in underpinning confidence in the use of powers under which public authorities operate. It has rapidly become essential to justify the trust placed in public organisations that use public resources of all kinds.

A real public interest is at stake, too. Some people, in Parliament and elsewhere, perceive genuine value in demonstrating that public powers are used as they are

intended. The Government, and other public authorities with which they work, can gain stature and public support only if they show themselves willing to account for their stewardship honestly and responsibly. We are all now even more conscious of the need for probity in the use of public funds. Trustworthy public audit is the best way to make people confident, all-round, that the right standards are being achieved and maintained.

The NAO's role is unique in providing that assurance, and that is why it is important that the Comptroller and Auditor General be able to audit central Government bodies. The CAG's sphere of influence has grown over the years, and it has recently been extended to a number of central Government companies. When new central Government bodies are set up, the Government now expect the CAG to become their external auditor. If the CAG does not, there must be a good reason why.

I am pleased to say that the Treasury has been at the forefront of such moves, ensuring, for example, that United Kingdom Financial Investments Ltd, the company that was set up to manage the Government's shareholding in banks, is audited by the Comptroller and Auditor General.

Mr. Hands: The Minister is praising transparency at UKFI, so will she tell the House why Ministers continually refuse to answer parliamentary questions about the Government's substantial bank holdings, saying that the service is managed at arm's length from the Government and, therefore, the details cannot be made available to Parliament? Surely, if the Minister believes in full transparency, there should be full answers to hon. Members' questions.

Sarah McCarthy-Fry: It is important that our holdings in those banks be managed commercially and, as such, by UKFI at arm's length. The point that I was trying to make was that UKFI will be audited by the CAG, setting the precedent whereby we believe that the CAG is the right person for the role.

The hon. Member for Gainsborough made a cogent case for auditing a range of public bodies, and the Government agree that it is in the public interest that statutory authorities demonstrate that they provide value for money. The NAO has a valuable role to play in delivering transparency and accountability, so I am pleased to announce today that the Financial Services Authority has decided to appoint the CAG as its financial auditor from the next financial year, 2010-11. That will enable the Public Accounts Committee to receive and investigate reports into aspects of the economy, efficiency and effectiveness of the FSA's performance. I welcome that decision and believe that it can only enhance the FSA's standing and enable it to show how well it discharges its business.

I assure the House that the Treasury continues to explore opportunities to play a bigger role in delivering transparency and accountability in other bodies that use statutory powers or public funds in the public interest. That must include a full audit of the BBC, as the hon. Gentleman said, and the Government will explore with the BBC how that should be accomplished.

In the debate, the hon. Member for South-East Cornwall (Mr. Breed) rightly observed that while we should concentrate on saving money in quantifiable terms, we should also consider the social and environmental benefits, which are not so easy to quantify. He referred to the report on the Chinooks, as did other Members. That episode has been well documented and lessons have been learned, but I think we can all agree that it is important that the aircraft are available as soon as possible. We envisage that the first aircraft will be available for training before the end of this year; I am sure that we would all welcome that.

I was a little confused by the hon. Gentleman's comments about Trident. The PAC report clearly states that the time line is very tight, but he said that we do not have to make a decision now and can delay it. In that case, there would be plenty of time to rethink the policy.

Mr. Breed: It depends on whether the life of the existing hulls can be extended, which is a possibility. If there is an undertaking to obtain new hulls, then yes, the time line is quite tight, but many of us believe that the existing ones are perfectly satisfactory for at least another four years, which would offer that period for further reflection.

Sarah McCarthy-Fry: As the policy of the hon. Gentleman's party is not to have Trident at all, I am sure that he is not particularly bothered whether that would leave us with a bit of a gap in procurement.

I was interested in the hon. Gentleman's comments about his bargain rail fares, available on his senior railcard; I look forward to the time when I may get one and take advantage of similar bargains.

As regards Northern Rock, the hon. Gentleman spoke about success fees. We share his concern that costs should be tightly controlled. In fact, in this case the success fee was at the discretion of Her Majesty's Treasury, and none was paid. I want particularly to pick up his point about the mutual sector and the possibility of returning Northern Rock to it, because I want to make it clear that no doors have been closed. Obviously, as a Co-operative MP I am particularly interested in the mutual sector. In our White Paper, "Reforming financial markets", we examined the need for diversity of provision to balance risk across the financial services sector, and how the mutual sector could help to provide that. I am aware of a research paper from Oxford that offers a suggestion on how that could be done. Officials at the Treasury are looking into that, and I would welcome it if the PAC and the Treasury Committee did so too.

We then heard from my hon. Friend the Member for Great Grimsby. For a short time, I overlapped with him on the PAC, so I am well aware of his forensic investigations when he questions witnesses. Today he returned to one of his favourite themes—consultants. When used correctly, consultants can provide great benefits, but we certainly recognise that we can do more to improve value for money. As he knows, we have introduced the consultancy value programme to implement the NAO and PAC recommendations. Our approach is that a business case needs to be made to ensure that consultancy adds value and that consultants are not used in circumstances where civil servants could meet the need, but there will be occasions when the use of expert consultants is the most efficient option. I took his general point about policy decisions needing to be taken in good faith; I picked up on that at the start of my remarks. They also need to be implemented effectively, and that requires effective planning and risk management right from the start.

[Sarah McCarthy-Fry]

I thank the hon. Member for South Norfolk for his kind remarks, and I well remember our visit to Boston and Washington. He talked about defence expenditure. Before I entered Parliament, I spent my time on the other side, trying to win MOD contracts, managing MOD contracts, and accounting to the MOD for the cost of those contracts, so I have a little insight into that. Changes in requirements and specifications cause the biggest headaches, certainly for the supplier, and probably for the MOD as well. Moreover, our armed services obviously want the latest and best equipment, and that causes pressure and tension. Again, it comes back to the need for effective planning at the start and effective project management. The newly formed defence acquisition reform project is currently working on the matter and addressing the recommendations of the Gray report.

We all acknowledge that the NHS IT project is hugely ambitious and that it is essential that we get it right. It is obvious to everybody that many challenges remain. We still believe that Cerner Millennium and Lorenzo will be able to support the NHS in the long term. Local service providers have been set a deadline of the end of November to demonstrate significant progress in the acute sector. They will have to demonstrate that Lorenzo has been successfully deployed by Computer Sciences Corporation across a non-acute site and is on track to be deployed in an acute site by March 2010, and that there is a high degree of confidence in CSC's ability to deploy across the NME—north, midlands and east—area by January 2016. BT will have to have successfully deployed Cerner in an additional acute site, and there must be a high degree of confidence in its ability to deploy across London by October 2015. As set out in the Treasury minute, the Department of Health will provide a note on progress by the end of this year. I shall examine the *Hansard* record of the detailed points that the hon. Member for South Norfolk made and write to him with a detailed response.

Finally, we had the contribution of the Opposition spokesman, the hon. Member for Hammersmith and Fulham (Mr. Hands), who shares my respect for the hon. Member for Gainsborough as Chairman of a very important Committee and for the work of the PAC. I had the pleasure of serving on the Committee and believe that it is the most important Committee in the parliamentary system.

The hon. Member for Hammersmith and Fulham touched on many defence projects, including the defence information infrastructure programme, which I have not mentioned so far. It has now been delivered to all the Ministry of Defence's major headquarters, and roll-out rates for the past 18 months have been significantly higher than those of early 2008. Although there were originally delays, I hope that we are making progress.

The hon. Gentleman moved on to the Office of Government Commerce, which regularly assesses Departments' procurement functions. It is working closely with the NAO to finalise new guidance on contract management in complex procurement, which should be published before the end of the year. It is also working to embed the joint NAO and OGC good practice contract management framework and share best practice across Departments.

The hon. Gentleman mentioned the CDC and the Department for International Development, and he touched briefly on the paper about working in insecure environments. It is not an option for DFID not to work in such environments—the question is how we manage that work. Pay levels reflect market-beating performance and are closely linked to delivery of the Department's objectives. Independent evidence from the World Bank suggests that financial performance is a good proxy for the likely impact of CDC investment in reducing poverty.

The Constitutional Reform and Governance Bill received its Second Reading two days ago. Some Members have taken a close interest in such measures as those on judicial appointments and the standards of the civil service. Those are important, and I would not suggest in any way that they do not matter, but to my mind the provisions to modernise the governance arrangements of the Comptroller and Auditor General and the NAO also have considerable importance. They implement the recommendations of the Public Accounts Commission in its 15th report.

As the House knows, the commission wanted to ensure that the CAG had authority to form completely independent judgments about the audits and value-for-money studies conducted by the NAO, while maintaining systems of governance and internal controls consistent with best practice. I believe that the Bill will achieve those aims and set the NAO on a confident course towards even better performance. The new NAO board, which I wish well, should help to guide its staff to stronger and more incisive insights into the use of public funds, and we can all look to benefit from that. I am grateful for the helpful way in which the NAO has assisted the Treasury in getting the provisions right.

I welcome the appointment of Mr. Amyas Morse, who took up his post as Comptroller and Auditor General on 1 June. He is the first CAG with extensive private sector experience, and I know that he has already set about his task with diligence and integrity and is working closely with the new NAO board under the chairmanship of Sir Andrew Likierman.

I express my gratitude for the hard work of the Committee and the NAO, which provide able support. Everyone will agree that together they make a lasting contribution to the performance and delivery of public services across the UK. They keep the Government and public servants on their toes, and their work will continue to be as effective as it has always been.

If this is indeed to be the last PAC debate before the general election, it will be the last time that the hon. Member for Gainsborough moves the motion, because he is to relinquish his chairmanship having served through two Parliaments. I believe that he chaired his first PAC hearing on 22 October 2001.

I pay tribute to an important innovation that the hon. Gentleman made as Chairman: Committee reports that look across Whitehall. In particular, the Committee's 17th report, from December 2005, in which I was involved, "Achieving Value for Money in the Delivery of Public Services", was a tour de force that looked through some 400 Committee reports going back 10 years. The conclusion was that there were seven key aspects of public service delivery that Departments needed to improve to achieve value for money:

"Plan carefully prior to implementation...Strengthen project management...Reduce complexity and bureaucracy...Improve public service productivity...Be more commercially astute...Tackle fraud"

and

"Better and more timely implementation of policies and programmes".

We can see from today's debate that those things are as important today as they have ever been, and I encourage all public servants to read the report and take heed of the advice.

Finally, I wish the hon. Gentleman well. He is a most assiduous Chairman of the PAC and during his tenure has enhanced its fearsome reputation as a robust and challenging scrutineer of public finances. I am proud to have been a member of the Committee under his chairmanship and I am delighted to have been able to respond to this debate.

4.21 pm

Mr. Leigh: With the leave of the House, perhaps I could say a few words of thanks to the Minister for her kind personal words and for her tribute to the Committee, on which she served. I also thank those who have taken part in the debate. There have not been a huge quantity of Members present, but we have made up in quality what we lacked in quantity. All their comments were interesting. I shall not repeat them—they have been summed up very well—but I shall offer some personal reflections.

I do not want to go back over the CDC in any great detail. We know that it has made itself more efficient, but I say to the hon. Member for South-East Cornwall (Mr. Breed) that some of the salaries in some parts of the public sector—close to £1 million—are frankly obscene and not called for. My personal view, for what it is worth, is that nobody in the public sector should earn more than the Prime Minister. People in the public sector receive many other compensations and I do not think that we need such enormous salaries.

The hon. Gentleman mentioned Northern Rock. Our report was interesting—I am not going to get into the politics of whether it was right to nationalise—and I hope that if ever such a situation arises again, officials will look at it, because many lessons can be learned about timely action.

I thank the hon. Member for Great Grimsby (Mr. Mitchell), who kept our debate going with great verve. We are grateful for his forensic examination in our Committee. Again, I will not go through all his comments, but he mentioned the Rural Payments Agency—we are to have another hearing on that agency on Monday. The key point is that the English system was just far too complex compared with the Scottish, Welsh, Northern Irish and continental systems. That goes back to what the Minister said in her concluding remarks on our generic report about making Whitehall more efficient, reducing complexity and planning carefully. We really have to cut through the complexity if we are ever to deal with what is going wrong in the RPA.

As usual, my hon. Friend the Member for South Norfolk (Mr. Bacon) gave us a masterclass on the NHS computer system. He is the House's expert on it. Again, if we are to make any progress on the system, we must cut through many of the knots that are binding hospitals to a failed concept and allow them to break free; otherwise, we may go on sinking good money after bad.

I am grateful to my hon. Friend the Member for Hammersmith and Fulham (Mr. Hands) for what he said. He mentioned the major projects report. The truth is that the MOD is trying to do too much. Without getting into the wider politics of it, we will probably have to cut the number of Trident submarines. These programmes are constantly being shifted sideways and some very difficult decisions will have to be made after the general election.

Lastly, I thank the Minister for what she said. She made a very important announcement today when she said that we would extend full audit by the Comptroller and Auditor General to the FSA. She also hinted that the Treasury has a much more open mind about the BBC and the Bank of England. We have scored an important victory today—one down, two more to go—and we will carry on working. I am grateful to all those who have taken part in the debate. In the past six months there has been so much publicity about what Members of Parliament have cost the taxpayer, but some Committees and some Members provide a good deal for the taxpayer. Saving £4 billion over eight years is not to be sniffed at. I am proud of what we have achieved and I wish the Committee and my successor every success for the future.

Question put and agreed to.

Resolved,

That this House takes note of the 1st to the 6th, the 8th to the 11th, the 13th to the 23rd and the 31st Reports of the Committee of Public Accounts of Session 2008-09, and of the Treasury Minutes on these Reports (Cm 7568, 7622 and 7636).

UK Border Agency

Motion made, and Question proposed, That this House do now adjourn.—*(Mark Tami.)*

4.26 pm

Miss Ann Widdecombe (Maidstone and The Weald) (Con): I am delighted to have the opportunity to raise this important issue in the House tonight. I think that the Adjournment debate on Thursday is your selection, Mr. Speaker—if not, please do not disabuse me—and I am delighted that you have understood the importance of this issue.

I shall make some rather critical remarks about the UK Border Agency in the course of this debate, so I should first say that I fully recognise the scale of the task that confronts it. I also recognise that it does its best to discharge that task and I have always found its staff perfectly courteous and as helpful as they can be within the rules that they operate. When one meets the immigration officers at airports, they are much more friendly than those po-faced mortals who seize manicure scissors from little old ladies on the rather improbable basis that they might be about to assist Osama bin-Laden.

I do not want to suggest that I think for one moment that the agency is in any way useless or in some way hostile to proper judgments, but it does take completely the wrong approach. Anybody can see that, if they look at the sort of cases that the agency pursues with supreme strictness. In order to meet the multiplicity of targets that the Government have set, it aims at the softest targets, when it should be aiming at those who have eluded it for years, who have abused the system, who are in the country unlawfully, who do not comply with the conditions placed on their stay, or who do not observe their reporting restrictions. They are the people on whom the agency should concentrate. They are, of course, the hardest cases. They are not generally sitting around with their addresses on display. The agency does not pursue them. Instead it spends a disproportionate amount of its time pursuing people who have done the reverse—who have complied with conditions, kept their addresses notified to the agency and have circumstances that other people would recognise as reasonable.

I have three particular cases in my constituency that have come up not over the course of the last year, or the last six months, or even the last couple of months. They have all come up within the last three or four weeks—two of them in a single day at my constituency surgery. That suggests a pretty concentrated effort to up the performance measurements by going for soft targets.

When I served on the Select Committee on Home Affairs, one thing that we expressed considerable concern about was the sudden removal of settled persons—persons who had been at an address for a substantial period, had married or had other commitments in this country, were working, or in some cases had even obtained property, and whose whereabouts were beyond all reasonable doubt. The Committee felt that where people had become citizens of substance, so to speak, they should at least be given proper notice before being seized and deported.

If the Border Agency deports somebody, that is a tick in a box, but there is a difference between deporting somebody who has been steadily eluding detection, and deporting somebody who has an appeal outstanding, who has been observing reporting restrictions or who has explained why he is still in the country. Suddenly removing that person will come as a considerable shock not only to them, but to their family.

One of the cases I shall raise tonight is just such a case. It concerns a deportation order served on somebody who had faithfully observed his reporting restrictions. He arrived to report and was immediately arrested, put in a detention centre and deported soon after. I do not object to such action being taken against somebody who is, so to speak, underground or in deliberate defiance of an order, but I do object when it is done to somebody who is obeying orders.

The second case concerns a woman who has been married to a British citizen for five years, has two British children and has been told that it is the opinion of the Secretary of State that not only she, but her husband and two British children, can continue their lives outside the United Kingdom.

In the third case, we have an employment issue and a civil penalty. I strongly support, and always have done, both in government and opposition, the contention that the immigration authorities must be very vigilant about employers who take on people who are not entitled to work in this country. However, I again submit that they should be vigilant about employers doing that either deliberately or because they have been careless, and unjustifiably so, and not where an employer has taken reasonable steps to ensure that the person he is engaging is entitled to work. If that person gets indefinite leave to remain, the Border Agency sometimes says, "Ah, there was a gap between the two when the person was no longer entitled to work, so we will inflict the maximum penalty, and we will not reduce it, even a little, in recognition of the fact that the employer acted wholly in good faith." Given the economic position, £5,000 of civil penalty is quite an imposition on a small employer, so it should never be imposed unless the employer is genuinely and seriously culpable.

I turn now to the detail of the cases. As I have already informed the Minister's office, the person involved in the employment case does not wish to be named. I must therefore refer to him as Mr. K. He runs a small business in my constituency and employed a Mr. J. Mr. J had permission to work here and Mr. K checked the documents upon engaging him. Since that time, Mr. J has paid tax and national insurance throughout, and he has recently been granted indefinite leave to remain. He says that he has a letter that both he and Mr. K, his employer, interpreted as meaning that he could continue with his current status—that is, he was entitled to work—until 2011.

I should give a little background to the case. When Mr. K took on Mr. J, he photocopied the documents. The Minister will know that it is a Home Office requirement that it is not enough just to look at documents and say, "Yeah, yeah, I saw that this man was entitled to work." Rather, the documents have to be photocopied. That is what Mr. K, being a law-abiding citizen, did. His solicitors explained the position to the Border Agency in a letter dated 26 March 2009, in which they enclosed all the documents that Mr. K had seen and copied before agreeing to employ Mr. J.

One of those documents was a letter dated 26 April 2002, which gave Mr. J exceptional leave to enter the United Kingdom until 26 April 2003. The letter stated:

"provided an applicant has permission to be in the UK when an application"

for employment

"is made, he or she is legally entitled to remain here on the same conditions previously granted until the application is decided".

Mr. K, who had photocopied a driving licence, a national insurance record and that letter, understood the letter to mean that Mr. J could remain in the UK and continue to work after 26 April 2003.

However, Mr. K did not leave the matter there. An employer with less of a conscience and less concern to protect his position would simply have signed off at that point, but from time to time Mr. K asked Mr. J how the application was going. He was assured that solicitors were dealing with it and that nothing had changed. He understood that to mean that Mr. J could continue to remain and work. However, it was as a result of making such an inquiry that Mr. J subsequently produced a further letter to Mr. K.

Mr. K believed that, having secured copies of the letters, as well as Mr. J's national insurance number card and provisional driving licence, he was acting wholly within the law. Mr. K then found out that although he can now employ Mr. J, because he has indefinite leave to remain, and was perfectly entitled to employ him when he took him on, there was a period in between in which Mr. J should not have been employed. Mr. K did not realise that.

I am perfectly happy for there to be a penalty in that case, but I am not happy that it should be £5,000, with no remission whatever for Mr. K's efforts to try to comply with the law. If we are to be bound wholly by the rulebook, with no exercise of discretion and no application of judgment by individual officials of the Border Agency, particularly at the senior level, frankly we might as well do away with human beings altogether. We might as well tap everything into the computer and come out with a mathematical computation of the penalty at the end. In fact, civil servants, whether employed directly in government or out in the agencies, are there to exercise judgment and discretion within the rules that they operate.

I now come to the second case, which inspired me to ask for this debate. The Minister will be aware from our correspondence how very angry I am about this one. It concerns a constituent who is happy to be named; she is Mrs. Carpenter. My constituent, Mr. R. Carpenter, married an Indonesian national five years ago in her own country. Three years ago, they also married here, because he was particularly keen that the marriage should be recognised in both countries. It is worth pointing out that he did that precisely because he wanted there to be no doubt that this was a subsisting, genuine marriage. He did not want to rely on something that had happened on foreign shores; he made quite certain that he was married according to British law as well. Since that time, the Carpenters have had two children. One is now four, the other is 13-weeks-old. Both those children are British. There is also a 12-year-old Indonesian stepchild.

In recent years, Mr. Carpenter has been working in Singapore and China, but, until July 2003, he was domiciled and working in this country, as he is now. He resides in my constituency. As far as I know, there is no law on earth that states that a British citizen who has chosen to work abroad for a few years of his life is obliged to continue to do so if his circumstances change. Any such citizen is fully entitled to return to live and work in this country.

The sequence of events was that, in January this year, the Carpenter family had a major family celebration, which, naturally, they wanted Mr. and Mrs. Carpenter to attend. Obviously, Mr. Carpenter could come and go at will, but, because they had been ex-pats and Mrs. Carpenter had not yet settled here, she required a visitor's visa. She got the visa; there was no problem with that. Before they left Singapore to visit Britain, however, Mr. Carpenter lost his job. They would not, therefore, have the life that they had been enjoying to return to. He has now found a job in this country, and I stress again that we are talking here about a British citizen with British children and a lawful marriage of five years' standing.

The Carpenters then applied for Mrs. Carpenter to be allowed to stay in this country. Let me say right away that the reaction of the Border Agency should have been to say, "No. If you are applying to stay here on the basis of marriage, you must leave and apply from outside the country." I have no queries about that approach at all. That is what the agency does, and, had it done so in this case, I would have explained to Mr. Carpenter that, although it might seem harsh, that is what happens.

Indeed, I have on many occasions had to persuade constituents who were applying to stay here as spouses—sometimes with very long marriages behind them—that they would nevertheless have to leave the country in order to make the application. I once spent three years trying to persuade a lady to go back to the Cameroons. She eventually did so, and got permission to come back here to stay within a few weeks. I understand the rule that someone applying to settle permanently in this country as a spouse must leave the country in order to do so. I have operated that rule myself.

That is not what the Border Agency said to Mrs. Carpenter, however. Its letter stated:

"You have provided no evidence of strong ties in terms of private life and the Secretary of State is satisfied that it is reasonable to expect all four of you to continue your family life and private lives outside of the United Kingdom."

That is not only inhumane but outrageous. The agency says

"you have provided no evidence of strong ties",

yet she is married to a British citizen. She has been married to him for five years. She is the mother of two British children who can stay in this country, yet, according to the agency, she has no evidence of strong ties in terms of private life. And the Secretary of State believes it reasonable that "all four of you"—British citizens as well—should continue their family and private lives outside the United Kingdom. Why should they? Are we saying, "Once an ex-pat, always an ex-pat"? The man has a job in this country. I say again that if the Border Agency had merely said, "You would have a good case for staying here as a spouse, but you will have to go outside the country to establish it", I would see no problem with that. The Border Agency did not say that, however.

[Miss Ann Widdecombe]

I am aware that Mrs. Carpenter applied to stay here on compassionate grounds, as she was about to give birth. Having given birth, the Border Agency naturally enough said that there were no more compassionate grounds. I understand that, but I will absolutely not accept—and I believe it to be highly challengeable under any human rights legislation, which the Minister knows I do not usually invoke—that any British citizen can be told that "all four of you" can

"continue your... private lives outside of the United Kingdom."

That is provocative, cruel and not even particularly lawful.

I turn to deal with the third case, the one I raised first in my introduction. It concerns Mohammad Ahmed, who arrived in the UK as a minor more than nine years ago. He claimed asylum, which was refused, and the appeal was dismissed. I view that as perfectly reasonable; I do not argue with it at all. Through various appeals, he has nevertheless managed to stay in the country and he has now been married to a British citizen for two years, living with her for five years before that. He also has a very stable relationship.

As I mentioned in respect of the earlier case, it was understood that if he were to stay here now—not on grounds of asylum, but as a spouse—he would have to leave the country in order to do so. Unfortunately, the country he had to go to was Iraq, but they both accepted that that was the right way forward. They spent a great deal of time, which I am sure the Minister will find perfectly credible, trying to get a passport from the Iraqi embassy. One can understand the situation: this man has been in the country for nine years, having first entered as a minor, and the necessary documentation was not readily available, so he had to try to get recognised as an Iraqi national in order to get his passport. Investigations had to be made, which therefore took some time.

The Border Agency recognised that these people were at last doing the right thing, so they simply imposed reporting restrictions. At first, it said Mr. Ahmed had to report weekly. As he was working, that was severely disruptive. After I made representations to the Border Agency, it was agreed that he could report monthly and as far as I know, he has faithfully reported monthly ever since. We should remember that he is trying to get a passport out of Iraq. Then, just a couple of weeks ago, he went to report and was immediately seized and taken to Colnbrook. His wife was eventually informed where he was and she began to visit him. Phoning up one morning, she was told that he was being deported that afternoon. He has since gone.

I have no doubt that, once again, that is a tick in a box. A deportation has happened; a target has been reached: this is wonderful, and doubtless the Minister will report to the House that more deportations are taking place than ever before. Anyone who looks at those circumstances can see that that was an unreasonable deportation. The man was settled; he was married; he was working. The Border Agency knew where he was, where he lived and where he worked. What it should have done is to have served him with a notice, explaining that he would have to leave the country by such and such a date. Arresting him without any prior warning—when, as I say, the Border Agency knew where he was, where he worked and what was going on—was, in my view, heavy handed.

The fact that I encountered three cases like that in as many weeks suggests to me that the Border Agency is having a drive, and that what it is driving at is not the difficult targets—the ones that the public really resent—but the easy ones: the people who have done their best to obey the law but find, like my Mr. K, that they are on completely the wrong side of it, despite being thoroughly convinced that they have done everything that was expected of them.

I should be grateful to hear the Minister's comments on those specific cases. I should also be grateful to hear his comments on what I now consider to be a campaign against soft targets.

4.50 pm

Mr. Greg Hands (Hammersmith and Fulham) (Con) *rose—*

Mr. Speaker: Order. I was about to call the Minister.

Mr. Hands: I was trying to make a speech.

Mr. Speaker: I call Mr. Hands.

Mr. Hands: Thank you, Mr. Speaker. I apologise for the confusion. I was under the impression that as we can finish at any time before 6 pm, other Members were allowed to take part in the debate. I do, however, apologise—especially to my right hon. Friend the Member for Maidstone and The Weald (Miss Widdecombe)—for not giving notice that I intended to speak. I shall not speak for very long—

Mr. Speaker: Order. Let me say to the hon. Gentleman—and for the benefit of others attending our proceedings—that in so far as there was any slight confusion, that is the explanation of it. It is commonplace in these circumstances for the approval of the Member who has secured the debate, and that of the Minister as well as that of the Chair, to be sought. There is time available, and I am certainly not insisting on it, but that is the reason for the confusion.

The hon. Gentleman may now have the Floor.

Mr. Hands: Thank you for that guidance, Mr. Speaker.

I shall not speak for very long. As I have said, I did not intend to speak at all, but I happen to have become very interested in the actions and activities of the UK Border Agency over a considerable period.

A couple of years ago, the Home Office produced a league table—which was remarkable, given that it is generally not very good at producing proper statistics about anything, particularly immigration—listing the Members of Parliament who had received the most immigration inquiries. I was ranked No. 1 among Conservative MPs, which did not surprise me a great deal, as at any one time there are between 700 and 800 immigration cases on my book.

Speaking as a constituency Member, I share all the concerns raised by my right hon. Friend the Member for Maidstone and The Weald. I do not have details of many specific cases with me, so I shall refer to only two.

About 18 months ago I visited UKBA's offices at Lunar house in Croydon, which were, I believe, in their current configuration. I think that the staff were a bit surprised to find that a Member of Parliament wanted to go to see them. I too was surprised, and disturbed, by what I found. First, I found a young and dedicated team of staff who impressed me a great deal. I thought that they were probably quite poorly managed, and they were certainly struggling under the work load. Their work had been computerised, and they could take me to their computers and show me the latest computerised file on one of my constituents. At the same time, however, they were unable to do anything without resorting to the voluminous physical file that was retained in another room. The other room, at the back of Lunar house—it was like a conference room—was packed with physical files, which were enormous and held together with string and rubber bands. The superficial impressiveness of the computer system was unfortunately rather undone by that.

My right hon. Friend spoke of pursuing those who had complied. I have come across such cases on a number of occasions during the four and a half years in which I have been a Member of Parliament. Let me cite one which, although it dates from a while ago, illustrates the phenomenon well.

The events that I am about to describe took place in the summer of 2006, six months before Bulgaria and Romania became full members of the European Union. Although I concede that there are restrictions on citizens of those countries in terms of where they can work and the requirement for them to have work permits, their entitlement to be here was not in doubt after 1 January 2007.

My constituent worked at the European Bank for Reconstruction and Development, a development bank dedicated to improving the lives of those in central and eastern Europe, and indeed in the former Soviet Union. She was the case officer for Bulgaria. It is probably a good idea for such a person to be a Bulgarian national, as there are unlikely to be enough United Kingdom subjects with a sufficient level of competence or expertise. It seems entirely reasonable that she was in this country working for the EBRD. She had clearly complied, almost precisely to the letter, with everything she had been asked to do. However, she was asked to produce within two weeks an astonishing 30 or 32 documents including fairly obvious things such as her birth certificate and payslips, but also her school reports from Bulgaria. It was entirely unrealistic to expect the production of such documentation from someone who, it seems to me, was perfectly justified in being in this country.

I contrast that with other cases where clearly the person should not be in this country. I have raised a particular case at Prime Minister's questions. I was astonished to receive a pro forma letter on an immigration case, addressed to me as an MP. The letter stated that, unfortunately, the agency had been unable to determine the case because the person concerned was a member of or was aligned with the beliefs of the al- Qaeda organisation. That was in an immigration letter sent to me as the constituency Member of Parliament.

The letter went on to apologise not only to me but to the person concerned and his family for any distress and inconvenience caused by taking so long to consider his case. The case is complicated, but this did not seem to me to be someone to whom we should be apologising. I contrast that with the treatment of some of our constituents whom I think have been treated badly.

Keith Vaz (Leicester, East) (Lab): I apologise for missing the start of the debate, which started a bit sooner than I expected. Has the hon. Gentleman seen the letter that Lynne Homer sent to me yesterday in which she said that the UK Border Agency has now discovered 40,000 files it did not think it had seen before? That is 40,000 people whom the agency does not know are still in the country or not. Is that not indicative of the shambles that grips the UK Border Agency at Lunar house?

Mr. Hands: I thank the right hon. Gentleman for that intervention. I am not surprised, having been to the UKBA offices, which I described about five minutes ago, and having seen for myself the chaos, despite the dedication and rather good quality of some of the staff involved.

I did not mean to speak for long and I just wanted to back up what my right hon. Friend the Member for Maidstone and The Weald said. The other thing I learned at UKBA is that it is under instructions to resolve the cases that are easiest to resolve first. This is where my right hon. Friend's point about resolving the cases of the weakest in society kicks in: these are the cases that are easy to get out of the way quickly in a furious effort to try to reduce the backlog, presumably to meet some central Government-imposed target.

Andrew Mackinlay (Thurrock) (Lab): If only that were so. Some of the easiest cases to resolve are those where a person has become a mum or dad, where there are British children or where there is a relationship with a spouse or parent who is demonstrably British. Those cases are no-brainers. These people cannot and will not be returned to any other country and yet they are told that these cases will not be resolved until 2011. It is heartbreaking and ludicrous. Obviously these people cannot earn money and their documents are tied up. I hear what the hon. Gentleman says and I congratulate him on his speech, which I support, but if these are the easy things to be done, presumably we are talking about 2014 and 2015 for the other cases.

Mr. Hands: I thank the hon. Gentleman for the intervention with which I concur.

I will end there, Mr. Speaker. As a constituency MP, I am extremely worried about what is going on at UKBA. It cannot do any good to have this number of unresolved cases. As I have said, I have between 700 and 800 unresolved immigration cases at any one time, and I suspect that I am by no means in the premier league of MPs in that regard. This does nobody any favours: it does this country no favours, it does hon. Members no favours, and it certainly does those applying to be in this country no favours either.

5 pm

The Parliamentary Under-Secretary of State for the Home Department (Mr. Alan Campbell): First, may I congratulate the right hon. Member for Maidstone and The Weald (Miss Widdecombe) on securing this important debate and on raising, at the core of her remarks,

[Mr. Alan Campbell]

constituency matters with her usual diligence? I am grateful that she appreciates the need both to have clear rules and to enforce them, and also for her understanding of the problems that sometimes occur when they are applied to an individual. For Members of Parliament, that becomes more obvious when constituency cases are involved.

The right hon. Lady raised three cases. As she may know, we do not comment on individual cases, but let me give her two commitments. First, my hon. Friend the Minister for Borders and Immigration, who unfortunately cannot be present, will write to her separately about the specifics of the cases she has raised. Secondly, I will do my best to respond to her general concerns, which have been echoed by Members on both sides of the Chamber.

The UK Border Agency has recently undergone the biggest shake-up in its history and has coped with not only many legislative changes, but massive organisational ones. Its staff are trained to carry out their duties professionally and impartially, whether when considering applications for visas, asylum or further leave to remain, or when enforcing the immigration laws of this country and removing those who have no right to be here. The public would expect no less.

Let me also assure the right hon. Lady and other Members that there is no policy of pursuing soft targets, and that decisions must be made in accordance with the immigration rules. Those decisions are subject to appeal, either in the UK or from abroad, and are therefore scrutinised by the Asylum and Immigration Tribunal. Asylum decisions are also audited by UK Border Agency quality teams and, in the case of some asylum decisions, independently by the United Nations High Commissioner for Refugees. Further to this, the appointment of John Vine as chief inspector of the UK Border Agency provides for an independent, external assessment of the agency in both its UK and overseas dealings.

Andrew Mackinlay: The Minister said that the agency does not go for soft targets, but I have to tell him that that is not my experience. Single young men are like the Scarlet Pimpernel in that they move around and are difficult to find, but the agency picks up seven, eight or nine loving families in bed at six o'clock on a Sunday morning. That is what is happening, but not in my name, because it stinks. People experience the trauma of having their doors being banged on at six o'clock in the morning, when everyone knows where they are. What is going on is wholly unacceptable in this day and age. It is happening because politicians on both sides have played the numbers game, and—

Mr. Speaker: Order. The hon. Gentleman has already indulged in one very lengthy intervention, and the second was too long. I hope we will not have a repetition of that performance.

Mr. Campbell: I shall consider the subject of removals in a moment, but I was making the point that there is no policy of going for soft touches, and if the assumption—or accusation—is that the agency is not pursuing the hard cases in every way that it can, I can assure my hon. Friend and others that that is not so.

Miss Widdecombe: The Minister spoke about the agency staff having to operate within the rules. At what level do discretion, judgment, compassion and reason enter?

Mr. Campbell: Staff are properly trained to work within the rules. Of course there will be some leeway and discrepancy in individual cases, but it is important to ensure that those rules are applied impartially. I am trying to explain that that is necessary not only in the first instance of contact with individuals, but throughout the handling of a case. It is, however, also important to have in place appeal mechanisms, and beyond, to ensure that cases are dealt with reasonably and within the rules.

As for the issue of those who are allowed to work in the UK, it is very important that we have an immigration system that is fit for the 21st century and protects the interests of not only Britain and British people, but foreign nationals who have legally settled here. That is why we introduced and are rolling out the flexible points system, which has the purpose of controlling the number of people coming to the UK from outside Europe and ensuring that they have the skills that this country requires. We cannot allow individuals to circumvent this system once they are already here.

The right hon. Member for Maidstone and The Weald is concerned about the implementation of the new civil penalties regime. We know that the way to tackle illegal immigration is to tackle illegal working. The availability of illegal work is often associated with breaches of legislation governing tax, health and safety, and so on, and it can act as an incentive for people to enter and remain in the country unlawfully. The experience of UKBA staff shows that illegal migrant workers tend to be found in jobs and occupations that are often considered unattractive by UK workers because of the hours, wages and working conditions that prevail. As a result, those migrant workers are exploited should they take those jobs on coming into this country.

That is why we introduced new measures on 29 February 2008 under the Immigration, Asylum and Nationality Act 2006 that distinguish between employers with less than adequate recruitment practices and the more serious cases where employers knowingly and deliberately employ illegal migrant workers. The measures include: a system of civil penalties for less diligent employers—I take the right hon. Lady's point about her view of the diligence in the case that she raised; a tough new offence of knowingly employing an illegal migrant worker, which applies to the more serious cases and can carry a penalty of up to two years' imprisonment and/or an unlimited fine; and a continuing responsibility on the employers of migrant workers to check their ongoing entitlement to work in the UK. Again, I note the points that right hon. Lady made about that responsibility.

UKBA takes an intelligence-led approach to operations and will target those whom it believes may not be complying with their obligations. Again, let me be clear that there are no soft targets. UKBA will issue civil penalty notices to any employers should it come across evidence of illegal working. Where evidence exists to show that an individual has been knowingly employing illegal migrant workers, consideration will be given to prosecution, as appropriate. The evidence in respect of

the notices that have been issued and the potential value in fines shows that we were right to bring in this tough legislation.

Let us consider the second case that the right hon. Lady raised and the general points arising from it. On her concerns about UKBA's application of the immigration rules to individual cases, I should say that the rules lay down the requirements that need to be satisfied by a person who seeks leave to remain as the spouse of a person present and settled in the United Kingdom. The first requirement is that the applicant has limited leave to enter or remain that was given in accordance with any of the provisions of the immigration rules. The only exception to that would be where, as a result of that leave, he or she would not have been in the UK beyond six months from the date on which he or she was admitted to the UK—on this occasion in accordance with the rules. The requirement prevents people admitted to the UK for six months as a visitor from switching into the category of spouse. I understand the particulars of the case that the right hon. Lady has described, but I am trying to set out the background to the rules.

We strongly believe that anyone who is coming to this country with the intention of settling on the basis of marriage should apply for spouse entry clearance in the proper fashion, from abroad—the right hon. Lady accepted that point. Before the no-switching requirement was introduced in April 2003, more than half of those who switched into the marriage category did so within six months of entry to the UK. I hope that I can set out why the rule is as it is. Many of those who switched intended to avoid rigorous examination of marriage applications by diplomatic posts abroad or the higher costs of obtaining spouse entry clearance compared with visitor entry clearance.

Some applications to UKBA for leave to enter or remain touch on article 8 of the European convention on human rights. Article 8, which is a qualified right, states that everyone has the right to respect for his or her private and family life. Restriction or interference with that right is permissible in order to maintain effective immigration control. When an application for leave to enter or remain contains an express or implied family life claim, caseworkers should complete a five-stage process, considering the following questions: does the claimant have family life in the UK; is it reasonable to expect the family to leave with the claimant; if there is interference with family life, is it in accordance with the law and the immigration rules, published policy and procedures; is the interference in pursuit of one of the permissible aims set out under article 8(2); and is the interference proportionate to the permissible aim?

In considering proportionality—item 5—caseworkers consider all relevant factors and no one factor is decisive. The prospective length and degree of family interruption involved is highly relevant, as is the person's immigration history. Any delay in considering the claim is relevant. Another factor is whether family members can or cannot reasonably be expected to join the person abroad when he or she makes his or her entry clearance application.

Miss Widdecombe: I am grateful to the Minister for giving way. I have a feeling that he was about to embark on the point I want to raise, but in the case that I was quoting—that of the Carpenters—it is not just that Mrs. Carpenter was expected to leave but that the Secretary of State expected all four of them to continue their lives outside the United Kingdom. That is outrageous.

Mr. Campbell: Yes, I understand the right hon. Lady's point. I am sure that that will be considered, as the case is still live, as I understand it. I do not want to comment specifically on it, but I am sure that that point will be made strongly when the case is considered by those whose job it is to consider such matters.

It is also open to a person to apply for leave to remain outside the immigration rules. The only two circumstances in which it will be necessary to consider granting leave to remain outside the rules will be in cases where someone qualifies under one of the published immigration policy concessions or for reasons that are particularly compelling in the circumstance. Such leave to remain outside the rules will inevitably be rare, and should be given only for genuinely compassionate reasons—I am sure that that will form part of the deliberations on the case—or where it is deemed absolutely necessary to allow someone to enter or remain in the UK when there is no other option available.

I cannot accept the accusation that we are targeting soft cases. I do not accept that, but I understand the concerns and frustrations of right hon. and hon. Members, particularly when it comes to constituency cases. It is important that we have strong rules and that they are applied fairly and consistently. It is also important that they can be challenged and that there are avenues of appeal. I understand that such appeals are still under way in some of the cases that we have discussed.

Let me say something briefly about removals and proper notice. Of course, one wishes and hopes that systems are humane and fair and, where possible, take into account all the characteristics of a case. If there is the threat that someone will be removed, it is not the case that they become aware of that threat only at the moment at which they are removed. Throughout the process, the implication and assertion is that there is a risk that they will be removed if they do not have a right to be here. The suddenness of that removal can of course cause concern, but to some extent it reflects the actions of the lowest common denominator in such cases. I am not commenting on the case mentioned by the right hon. Lady, but if a person is warned of the time of their removal, where it will take place and who will do it, in many cases they will choose to abscond. The long trail to find them will then be embarked on again and they will have to be tracked down at considerable expense. I understand the concern that has been expressed, but the difficulty of making judgments in these cases, and of carrying them out, needs to be appreciated.

I understand the frustration felt by the right hon. Lady and others across the House, especially in constituency cases. I want to reassure her, as far as I can, that cases are looked at properly and within the rules, and that there is no targeting of soft cases. All cases will be dealt with properly, and that includes the appeals process.

As I said at the outset, my hon. Friend the Minister for Borders and Immigration will write to the right hon. Lady on the specifics of the case. If she is not fully satisfied with this afternoon's debate, I hope that he will be able to address her concerns further.

Andrew Mackinlay: I rise on a parliamentary point. The Minister is a Member of Parliament, as am I. When we write to an agency, it is not unreasonable that our letter be given special attention—not because of who we are, but by virtue of our office. When Members of Parliament write on behalf of constituents, I ask that the matter is advanced, not as a privilege but because those Members have deemed it sufficiently important. It is not good enough for us to get a letter saying that our inquiry is in a queue—a practice that endures almost exclusively in UKBA. I hope that the Minister will reflect on that.

Mr. Campbell: I shall certainly draw that to the attention of my hon. Friend the Minister for Borders and Immigration. He is at pains to make sure that our system is strong and robust, but also fair and consistent. In addition, our system must give due attention to the work of Members of Parliament, and it is true that those who represent certain areas of the country devote a great deal of constituency time to such cases. I am sure that the Minister will have heard what my hon. Friend has said, and will take it into account.

Question put and agreed to.

5.17 pm

House adjourned.

Westminster Hall

Tuesday 13 October 2009

[DAVID TAYLOR *in the Chair*]

North Sea Oil and Gas Industry

Motion made, and Question proposed, That the sitting be now adjourned.—*(Mr. Watts.)*

9.30 am

Mr. Frank Doran (Aberdeen, North) (Lab): I am delighted to have secured a debate on a very important subject that we do not discuss often enough in this Chamber. The oil and gas industry is one of the most important industries in the country. It employs about 450,000 people across the UK, 198,000 of them in Scotland, and it is estimated that, last year, the Treasury collected about £13 billion of tax revenue from the industry. Because of the collapse in the oil price, that figure is likely to fall—it is estimated that the revenue will be about £7 billion, but that is still about 2 per cent. of UK tax revenue, so the industry is hugely important in terms of both employment and our economy. Of course, there is also the benefit of producing our own oil and gas. Although we are now at the stage where we have to import some of it—we are not self-sufficient—the industry remains immensely important.

By its very nature, the oil and gas industry is dangerous, and over its nearly 50-year history there have been many deaths and serious injuries. Memorial services have become almost a tradition in Aberdeen—one that we could do without. Just over a year ago, I was fortunate enough to lead a debate in this Chamber to commemorate the 20th anniversary of the Piper Alpha disaster—the world's worst offshore disaster, in which 167 men were killed. During that debate, the Minister's predecessor, my right hon. Friend the Member for Stirling (Mrs. McGuire), gave an assurance that there would be a review of an important report produced by the Health and Safety Executive offshore safety division on the integrity of oil and gas assets in the North sea.

That report set out some very disturbing findings. Known as the "Key Programme 3—Asset Integrity Programme" or KP3 report, it followed targeted inspections by health and safety inspectors of about 100 offshore installations—approximately 40 per cent. of the total. All types of facilities, including fixed, manned and normally unattended installations, floating production, storage and offloading vessels and mobile drilling rigs, were part of the survey. The inspections were structured to cover all aspects of maintenance management, including the safety critical elements and plant—including computer programs—whose purpose is to prevent, control or mitigate major accident hazards. The report focused primarily on the maintenance management—the management systems and the processes that should ensure that safety critical elements are available when required. The main areas where the report raised concerns included asset integrity/process safety management systems—I am sorry that this is so technical, but it will not last long—as well as the physical state of the plant offshore; matters of significant concern with major hazard control measures; human resources and competence; leadership and management; and corporate and cross-industry co-operation and communication.

Some of the most worrying aspects of the report were the comments on management. For example, it found that there was poor understanding across the industry of the potential impact of degraded non-safety critical plant and utility systems on safety critical elements in the event of a major accident. According to the report, the role of asset integrity and the concept of barriers in major hazard risk control are not well understood. The report stated:

> "Many senior managers are not making adequate use of integrity management data and are not giving ongoing maintenance sufficient priority."

It continued:

> "the decline in integrity performance that started following the low oil price has not been effectively addressed and there appears to be an acceptance of this knowing that the assets are likely to be sold."

Essentially, production facilities were being downgraded because they were expected to be sold on, so why spend the money? There were many other areas of concern, but I shall record one final one. The report stated that

> "Declining standards in hardware"

were

> "having an adverse impact on morale in the workforce."

When the then Under-Secretary announced the review of the KP3 report in the Piper Alpha debate last July, she made it clear that the review would include

> "focusing on industry leadership to create a stronger safety culture in which the involvement of the work force, including the industry's trade unions, will be critical."—[*Official Report*, 2 July 2008; Vol. 478, c. 251WH.]

That review has been carried out over the past year and was finally published in July. It is important to note that the oil industry accepted the original report's findings and worked with the review team. Individual companies also worked hard to deal with many of the problems identified. It is therefore no surprise that the review, although not giving the industry a clean bill of health, recognised the progress that has been made. As a long-term observer of the oil and gas industry, I take the view that the KP3 process has been extremely useful.

Miss Anne Begg (Aberdeen, South) (Lab): Does my hon. Friend agree that, before the KP3 report was produced, the oil and gas industry tended to be reactive—it reacted when there was a disaster and put things in place afterward—but that the KP3 report succeeded in changing the emphasis to one of being proactive and encouraged the industry to identify risks and deal with them ahead of time, before they became something that might lead to a fatality?

Mr. Doran: I agree with my hon. Friend up to a point. I remember the same discussions following the Piper Alpha disaster, when the Cullen report was produced. That report encouraged the industry to be proactive. The evidence of the KP3 report is that we need an independent body such as the HSE to keep the industry on its toes. I would like to see a day when that is not necessary, but it is important to have that regulatory involvement.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): Following on from that point, the other very useful thing about KP3 was that it brought minds back

[Sir Robert Smith]

to asset integrity, because much of the safety effort had perhaps been diverted into the slightly easier area of improving the statistics on injuries and individual human safety methods. All of those are very important, but perhaps people's attention had come off the target of asset integrity and the structures that were being used.

Mr. Doran: Again, that is correct. From the point of view of the industry, the report was a difficult one for it to swallow, but at the same time it has been extremely useful in helping the industry to refocus. That is what we all want. We need improved safety and we cannot have that without a properly effective safety culture and responsible regulation.

The whole KP3 process has highlighted serious deficiencies in the way in which the oil industry was operating and has helped to put in place processes that should ensure increased awareness among the managers and work force—the very point that my two colleagues have just made—of the importance of management of safety systems, the integrity of plant, and communications across the industry and across individual companies.

Fundamental weaknesses remain in key areas, however. Most of those relate to the industry's culture, which is part of the history of the worldwide oil and gas industry. It is a difficult and dangerous industry that requires incredible skill and tenacity—not to forget shedloads of money—to achieve its objectives. A particular mindset is needed to be successful: quite a lot of the hunter-gatherer mentality goes into the search for oil. That mentality can produce positive results, as the success of the industry shows. The technical development of the UK offshore industry over the 40-plus years of its existence is nothing short of miraculous, and the impact is not restricted to the UK. The technologies developed in the harsh environment of the North sea, together with the skills of our work force, are exported to all parts of the globe, again to the benefit of the UK economy.

However, other aspects of the culture, particularly the territorial nature of oil companies, produce blind spots. Despite the KP3 process, a number of issues remain unresolved, one of the most important being hydrocarbon releases—unplanned releases of gas from offshore equipment. The Piper Alpha disaster was caused by a hydrocarbon release. Releases are categorised by the HSE as minor, significant or major. It is impossible to discuss hydrocarbon releases and the problems that they create without considering the offshore working systems, particularly the permit-to-work system. The KP3 report includes the annual statistics for significant and major releases since 1996-97. Releases in the significant and major categories have declined: major releases have plateaued at about four or five a year, although there were none in 2008-09, and significant releases plateaued at about 60 to 70 a year between 2005 and 2008. The hydrocarbon release that led to the Piper Alpha disaster was in the significant category, and we allow 60 or more such releases to occur every year.

Hydrocarbon releases are a major concern to everyone in the industry, but attempts to deal with them across the industry have had only limited success. Companies are totally wedded to their own systems. At the same time, more and more offshore work is being done by contracted labour, which has to become familiar with myriad different systems. On some platforms, operating companies have different systems from their contractors.

The trade union view is that the problems are created by lack of investment. The trade unions also question the way in which offshore operators investigate incidents, and particularly the failure on some platforms fully to involve the offshore safety committee. What is clear is that there is no common cause behind the high number of hydrocarbon releases. In most incidents, however, none of the events is unforeseeable. We know that we cannot afford to make mistakes, but the evidence in the statistics and the consequences is that we continue to do so.

Malcolm Bruce (Gordon) (LD): The hon. Gentleman is making an important point about the industry's collective wisdom and knowledge. Does he share my concern that the number of people with the experience to know where the safety risks are is declining because we have an ageing work force, which might lead to an increase in risk?

Mr. Doran: The KP3 report focuses on that issue, particularly in management where there is a turnover of staff. Given the nature and background of some of the oil companies, people often come into the UK from other countries to manage facilities. The right hon. Gentleman makes an important point.

We cannot afford to make mistakes. When we do, however, it is not for lack of tools, procedures or safety warnings and systems. Far too many people go to work on the wrong piece of equipment or take out the wrong part; there are recurrent near misses. Speaking to me recently, one industry representative likened offshore systems to a surgeon removing the wrong kidney—these things are that important. The Cullen report into the causes of the Piper Alpha disaster noted that a flange on a compressor was not replaced properly and that led to the gas release. We can see from the statistics that such things happen consistently.

Bob Spink (Castle Point) (Ind): Is the hon. Gentleman aware that a shut-off valve at the Calor Gas site on Canvey Island failed to operate properly, resulting in the release of 163 tonnes of liquefied petroleum gas into a densely populated residential area? A lot of the gas was released as an unconfined vapour cloud, which could have been catastrophic and could have made Buncefield look like bonfire. Does the hon. Gentleman share my concern that, a year on from that incident, Calor Gas has still not made itself available for interview under caution by the HSE, which is therefore still unable to report and to introduce the right safety measures to ensure that such things do not happen again?

Mr. Doran: I know only what I have read in the press about that release, but the hon. Gentleman is right. The problems are not confined to the offshore oil and gas industry. The incident that he mentioned occurred onshore, where the same safety systems need to be in place. I will come to that a little later. Regulation and compliance with the regulatory system are crucial. In that respect, I totally agree with him.

We all know that there is a problem—the proof is in the statistics—but what is missing is a sense of common purpose in dealing with it. Individual incidents are investigated and reported on, but no common approach

or strategy emerges from such work. The reality is that there are far too many vested interests—mainly oil companies insisting on keeping their own procedures. Often, head office says that everyone must operate a system because it is the company system and part of the company's identity.

We need a new approach by the industry. We need a completely different system and way of working, rather than a new computer system or any other whizz-bang technology. There needs to be a commitment from the whole industry to move to a new standard, along the same path and away from a single-company approach. Individual companies have erected a wall around their current practices. By refusing to be open and to recognise the risks and problems in the current arrangements, they are missing an opportunity to move the whole industry forward and to improve safety throughout the North sea.

A first step would be a proper analysis of the cost of the present system to the industry and individual companies, including the risks and consequences of the failure inherent in that system. That should be set against a more coherent process—one that is common across the North sea, but which would, of course, need to allow for a certain amount of individuality, because no two platforms are the same.

Sir Robert Smith: The hon. Gentleman raises an important point when he says that we should have common practices throughout the North sea, but he probably meant the UK sector of the North sea. Life for those working in the North sea would be greatly improved if more could be done to drive through a treaty with Norway to ensure that standards operate across boundaries. When equipment moves from one side of the North sea to the other, a whole different safety regime and culture applies, even within that one area.

Mr. Doran: I am an internationalist, and I can but hope, but the hon. Gentleman is right. One problem is that UK workers often move to Norway and vice versa. They also move to the Dutch, Danish and German sectors. We need to get the arrangements as close as we can, but of course I understand the different international aspects.

We also need a tougher approach from the HSE's offshore safety division. I know from my conversations with inspectors that they would like to see improvements, and the KP3 report and the review give them the platform to move things forward.

One example that those on my side of the argument often throw at the industry, to pick up the hon. Gentleman's point, is that companies in Norway do things better. What usually comes back at me from UK oil industry representatives is, "Yes, they have a common permit-to-work system in Norway, but it's very similar to ours. In reality, our system is about 80 per cent. common content, and that's where the Norwegians are." That is what I am told, but I do not know whether it is accurate. Indeed, I do not think that anyone knows. As far as I am aware, no one has studied and compared the UK and Norwegian systems to see which is more efficient in terms of the cost and other aspects, safety being the priority. By the way, all the companies that fight off a common system in the UK sector happily work with one in Norway.

If we are serious about safety in the North sea, we have to tackle the problem of hydrocarbon releases, and the only way to do that is to examine a common permit-to-work system. When the Minister replies, I would be grateful if he addressed that issue and, in particular, fired the starting gun by asking the HSE to carry out a comparative study of the UK and Norwegian systems as they relate to the permit-to-work system, with a view to introducing a common permit system in the UK.

Another important issue—a poor aspect of the culture in the North sea industry—is the "not required back" system. The offshore installation manager on any offshore platform had the ability to sack someone on the spot, regardless of whether that person was employed by the company—the word "sack" is a bit strong, but people could be removed from the platform. I am delighted that the industry and the unions have reached an agreement on the issue, and I hope that that is one skeleton that will be well and truly buried. However, I am hearing disturbing reports from trade union officials about an increase in dismissals for minor breaches of health and safety requirements. I hope that the industry is not replacing one obnoxious working practice with another. The HSE needs to keep an eye on the matter, and the unions are gathering data and examples.

I want to move off the strictly offshore aspect and the production side of things, although I have spoken to the Minister's officials, and he will expect me to say something about safety committees and safety representatives offshore. We need to change the system in that respect. There are strong aspects to the offshore system, which varies significantly from the onshore system. The most attractive part is the election of representatives, but the statutory exclusion of trade unions is a defect. We need a much more independent element, and I will address that issue on another occasion.

In this year, of all years, it is difficult to talk about safety in the North sea without mentioning the two helicopter crashes that have happened. I warned the Minister's officials that I would raise the issue, and I know that it is not his departmental responsibility, but I should appreciate it if he would pass on my comments to his colleague in the Department for Transport.

If working on an offshore installation in the oil and gas industry is dangerous, so is getting to and from works. I have some figures that were compiled for me by Mr. Jim Ferguson, a journalist who works exclusively on aircraft—particularly helicopters. He has been monitoring the use of helicopters for more than 30 years, and the figures that he gave me are shocking. I am well aware from my own experience of the number of helicopter incidents that have happened, but looking again at the number of deaths I find that 98 passengers and 13 crew members have been killed in helicopter disasters on UK sector passenger flights since 1976. If search and rescue and training flights are added to that, it gives another 10 crew and four passengers. Thus the UK total of deaths in the North sea from helicopter crashes alone—and those do not figure in the offshore safety figures, because, of course, they are the responsibility of the Civil Aviation Authority, and not the HSE—is 23 crew and 102 passengers. According to Mr. Ferguson's figures, in the whole of the north-west European continental shelf, 151 individuals and 40 crew have been killed in helicopter crashes. Those are shocking figures.

[Mr. Doran]

The vast majority of offshore workers are flown to their place of work by helicopter. Aberdeen airport is the busiest heliport in the world. On 18 February a Super Puma helicopter carrying two crew and 16 passengers crash landed in the sea a few miles from Peterhead. Thankfully the sea was calm, although visibility was poor. The crew were all rescued. Two questions arise from the incident. The first is about the use of personal location beacons. Those were introduced by BP when it inaugurated its jigsaw project, a new system of safety in the North sea, involving the use of helicopters and fast rescue craft. A key component was the individual personal location beacon issued to passengers, to be worn on the wrist like a wristwatch. Its use was welcomed widely by the work force and the hon. Member for West Aberdeenshire and Kincardine will remember a meeting that I organised here in the House of Commons with BP, trade unions and members of, in particular, the shipping industry in the North sea. When the unions heard the details of the personal location beacon they saw the advantages immediately and it helped to change their mind and change their attitude towards the jigsaw proposals.

As I said, the beacon is worn like a wristwatch and was welcomed widely by the work force. It made them feel more secure, as in an emergency it would send out a signal to rescue craft allowing rescue to be carried out much more quickly. However, when the helicopter crashed in February it was discovered that the signal from those personal location beacons interfered with the location beacons fitted on the helicopter life raft. When they detected another beacon in the area they automatically switched off. That has caused considerable concern in the industry. I shall not go through the concerns in detail. However, I was concerned that BP's new system had gone through a long process of test and technical examination before it was introduced. It seemed to me that the problem should have been identified and dealt with at that time.

I tabled a question to the Secretary of State for Transport asking when the CAA had become aware of the problem. I was surprised to be told that it had become aware of it in 2003, during the jigsaw testing process. It did not deal with the issue at that time because

> "such beacons are not part of an aircraft's approved equipment and are treated in the same way as any other personal portable electronic device, such as mobile phones".

That response seemed to me to be inadequate, particularly given the potential consequences that were shown in the accident on 18 February. If the CAA was aware of interference and that was not part of its remit, I would have expected it to notify those who were responsible. I gather that the CAA and HSE have regular liaison meetings, but the issue was not raised by the CAA until January this year, before the February crash. I understand there was some interference with the beacons on the helicopter because some passengers were fiddling with their watches. Normally a beacon is primed to go off automatically on hitting salt water. I have been on many helicopter visits offshore and it is a very boring journey, so I suspect that people were looking for entertainment. That incident triggered some interest from the CAA, whereas in 2003 when it discovered the problem there did not seem to be any interest. That is a serious concern. I hope that in the liaison meetings between the CAA and HSE some attempts will be made to secure improved liaison and communication.

The second issue that I want to raise is the time it took for rescue craft to reach the passengers. The first distress signal went out at 18.40 and the first rescue vessel did not arrive until 20.23. Visibility was poor and of course there was interference with the location beacons, but the wristwatch beacons were transmitting. The North sea is cold and it kills very quickly. Luckily all the passengers were in life rafts, and there were no deaths, but serious questions arise over a rescue that took nearly two hours, and no one has yet given an answer or tried to explain the reasons for that.

The second helicopter crash happened on 1 April and had much more serious consequences. All the men in the February crash survived. The helicopter was lost, of course: it sank to the sea bed and has now been recovered. The second crash involved the same type of helicopter, a Super Puma, but of a different vintage, and there were different reasons for the disaster. There was serious mechanical failure, and, again, I do not need to go into the details. The crash, coming a few weeks after a crash that everyone survived, devastated the north-east of Scotland. It came as a huge shock. As I implied earlier, deaths in the North sea are not unusual for us, but that was hard to bear, particularly given the circumstances. Sixteen men died on a Super Puma flight from the Miller field. All that we can say about that incident is that of course we still think about the relatives; but we must look ahead. One of the consequences that I am particularly pleased with is that the industry and the safety authorities immediately saw the need to examine very carefully all the issues affecting helicopter safety. None should be considered in isolation and the industry rightly took the initiative.

Oil and Gas UK, together with the safety authorities, and with the trade unions Unite and BALPA on board, set up a helicopter taskforce chaired by Mr. Bob Keiller, who is chief executive of an offshore service company, PSN. In my discussions with Bob he has made it absolutely clear, despite my pushing him as hard as I could, that he is not interested in the history and what happened in February; he is interested in dealing with the consequences and finding a way to improve safety to ensure that we minimise the risk from all helicopter flights. As I said earlier, virtually everyone who works offshore must travel by helicopter. It can be a frightening experience. Once when I was going off to the Forties field some years ago we hit a bank of fog and it took the pilot three attempts to get us on the helideck because of the fog. There was no radar at that time. To do that week in, week out is deeply unpleasant and of course it is terrifying for the families of the men who work offshore.

I met Bob Keiller last week to get an update, and in the months since the taskforce was set up it has made extraordinary progress. Particularly in this place and in government, we are used to progress having to go through all sorts of processes, hoops, somersaults and so on. However, in the short time since being set up after the helicopter disasters, there has been progress that I find mind-boggling under the circumstances. First, the modification to the Eurocopter, which includes improvements to the mechanical system, has been agreed. That is directly related to the April disaster.

I mentioned the difficult flight that I took. Radar has now been extended offshore. We have had helicopter flights for nearly 50 years, and we are now extending radar offshore. VHF radio has been extended offshore. There is an agreement across the industry, insisted on by the taskforce, that no one will be allow to fly without a survival suit in any non-emergency situation. Anyone who has been offshore will know that survival suits are compulsory most of the time, but apparently that was not being recognised.

With the co-operation of the CAA, plans have now been put together to improve helideck lighting. Those plans will be implemented later this year, and we will see proper, high-quality lighting on all helidecks. That will make landing, take-off, disembarkation and everything else much more efficient.

The Vantage system is to be improved. It is used to identify people going on to helicopters. Because people tend to work either two weeks on, two weeks off, or two weeks on, three weeks off, a person is not allowed to leave the platform unless their counterpart, who is doing the next shift, appears. If someone does not appear on a helicopter, the person who is hoping to go off has to stay, and someone else will take their place on the helicopter. The Vantage system, which should track everyone who is on a helicopter, missed those late changes, so that has been improved.

Finally—this is important—contact with concerned relatives in the event of an accident has been speeded up. When there is a serious accident offshore, relatives often find that they are given a number that they find difficult to get through to, and which is given long after there has been a public announcement. When the April helicopter crash occurred, I immediately got hold of a BBC journalist I know to find out what was going on. They knew everything before the police released the information to relatives. I think that that is wrong. The system has been speeded up and improved.

I am sorry I have taken so long, but this is an important issue. My final point is for all the statutory authorities—I am conscious that the room is full of officials from the HSE offshore safety division, and this is not meant as a criticism of them, but I think that everyone should look at how the helicopter taskforce has operated and carried out its tasks. It has forced people to change to fit in with its requirements and meet the new, improved safety conditions. There are lessons to be learned.

Offshore safety has improved dramatically since the Piper Alpha disaster. It had to, because the system was appalling. It has improved again since the KP3 report, but we cannot afford to rest on our laurels. The matter must constantly be addressed, and I congratulate the HSE on the KP3 report, on the initiative that it took and on its review. I hope to see more improvements coming from its proposals.

10.4 am

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): I congratulate the hon. Member for Aberdeen, North (Mr. Doran) on bringing this issue before the House today. As he said, it is important for us to keep learning lessons and keep the focus on safety. Incidents happen and lessons are learned, and then there is a period of calm, when perhaps people's minds are taken off the ball. A debate such as this is a chance to focus again and remind everyone involved of how dangerous the situation is, and how important safety, and the culture of safety, is.

I must declare my entry in the Register of Members' Interests related to the oil and gas industry. Like the hon. Gentleman, my key interest is that many of my constituents in West Aberdeenshire and Kincardine work within the North sea, or are relatives or friends of people who work there, and who want to see as safe an environment as possible.

The hon. Gentleman touched on the history of Piper Alpha. There was a sea change in the cultural approach, moving towards the case for safety, rather than the box-ticking approach. Looking at the comparisons with Norway, there is a concern that the Norwegian system is still more of a box-ticking approach than a safety case approach. Therefore, we must be careful when making any comparisons with Norway because people on the Norwegian side also have concerns about their safety culture. If we could get the best of both worlds, that would be excellent.

As the hon. Gentleman said, this industry is extremely important for employment and for the UK economy—something we sometimes underestimate, as so much of it is out of sight on a day-to-day basis. Anything that can be done to make the North sea more of a whole could improve operations within it. That is not only from a safety point of view. If people have to comply with different safety regimes, they face extra expenses each time they switch between different parts of the North sea. Near the middle of the North sea in the fields that straddle the sea, it is almost impossible to take a ship from one side of the field to the other, because there are such different safety regimes.

The KP3 report was a timely reminder of asset integrity, and as I said in my intervention, the industry was conscious that it had drifted into making safety an important part of the message, while again going towards the easier safety approach of slips, trips and falls, which are statistically more measurable and more high profile. It is easier to see that something is being done about them.

The hon. Gentleman made an important point about structural integrity and morale in the working environment. Especially during downturns, the industry thought that surface rust did not really matter as it was not an issue of structural integrity. However, if someone is working in a safety-critical environment and they see rusting equipment all around, that does not send the best message for morale or how they should approach their work as professionals. What starts off as surface rust can become more structural rust if no intervention is made, and later intervention becomes even more expensive and critical to safety. Asset integrity is crucial to avoiding a future Piper Alpha disaster, and the KP3 report was welcome. The review, and the fact that there has been progress is also welcome.

The hon. Gentleman mentioned the worldwide culture. We have something to contribute, because companies that operate in the North sea have taken safety lessons from there to other parts of the world and improved things. In the debate on Piper Alpha, I reminded the House about how the safety case used offshore had

[Sir Robert Smith]

been brought onshore into the construction industry for the North sea, and resulted in major improvements. There are positives to be achieved from learning lessons.

One of the points highlighted by the KP3 report was the importance of industry learning from itself and sharing its experiences. The Energy and Climate Change Committee visited the rough gas storage platform before the recess. One of the first things that we were shown was a video of a major disaster, when there was a major release of hydrocarbons and a fire on board the platform. That dramatic and effective DVD of what had gone wrong seemed an effective way of getting the message across to other operators in the North sea, and of showing the lessons that had been learned from that experience. It was lucky that there was so much hydrocarbon release in a confined area that it did not become an explosive mixture—it became a major fire hazard rather than an explosive mixture. There was a useful message about safety, and a very brave coxswain from a lifeboat who was willing to share the problems that he had had in trying to get his lifeboat to start. His training had been on generic lifeboats, but when he got into the lifeboat that he was using on the platform, he did not know how to start it, and had to radio someone. In a more serious crisis, that could have been critical to safety. From that experience, the industry across the North sea can learn that people need specific training on the life raft that is found on the platform on which they are operating. That message has got across.

As the hon. Member for Aberdeen, North said, safety for the person operating in the North sea transcends just the platform and the journey to and from the platform. We had the tragedy in April and the less tragic incident involving helicopters in February. Relatives and friends are not interested in which authority is responsible for safety. People just want a safe environment from the moment they leave home to the moment they come back from work. The hon. Gentleman has highlighted just how safety-critical the helicopter journey is as part of that. Moreover, it is to be welcomed that the industry, through the taskforce, sees a responsibility across the piece. Again, that will help the interface between the CAA and the HSE.

The use of personal locators seems to indicate that when two people operate in isolation, they may not see the boundary between the safety case in each area. The fact is, however, that the beacons were known to have an interference problem. Helicopter pilots have always been worried about having them on the helicopter, and yet the industry does not seem to have engaged with them until this latest incident to solve the problem. Operators feel reassured by having their own locator in a wristwatch. If they end up in the sea they know that they will not have a long survival time. Wearing that wristwatch means that they will be located. It is very difficult to locate one individual in the North sea. The wristwatch beacon provides an extra reassurance for the worker. They know that in the event of a disaster, they have more chance of survival. I welcome the progress of the taskforce. It is important to gather together all the different players in the industry to come up with a common purpose of improving safety.

My right hon. Friend the Member for Gordon (Malcolm Bruce) made the point about the ageing work force and the importance of training and culture. As I said in the debate on Piper Alpha, OPITO, the Oil and Gas Academy, is based in my constituency, and it has a good track record of improving training and bringing training to the new individuals who work in the North sea. It would help such individuals if they did not have to gain their experience from another disaster. Instead, they should be mentored by the ageing work force, who can pass on how crucial the safety culture is and how dangerous an operating environment it is. If workers learn how much safer they will be if they operate properly, that will be another benefit for the North sea.

When all is said and done, there is still a lot of oil and gas in the North sea, and for all the economic and security supply reasons, we want to see as much of that produced as possible—but not at any price. Safety must be maintained. The economic and security supply driver is that we should be carrying on much more in the North sea. Yet many of the platforms and pipelines were not expected still to be operating. Now, however, it is hoped that they will be there much longer, which makes it even more important that we focus on this asset integrity.

Such work will require investment and expenditure. If we want to see a long life for the industry in the North sea, we need to ensure that we have a regime that does not say that the safest future for a particular platform or pipeline is to shut it down and decommission it early. We need an investment climate.

Bob Spink: May I introduce a new dimension that will extend the life of the use of such assets? We have carbon capture and storage systems that are being developed, which will see us seeking to achieve a long-term geological storage of carbon in the voids under the sea. That will introduce possible additional use of the pipelines and additional safety issues.

Sir Robert Smith: The hon. Gentleman makes a very important point about the other future for the North sea and the important role that carbon capture will play in tackling our immediate problems of climate change. Again, that will require safety assessments and an effective safety regime. The crucial message is that we as a country have benefited enormously from what has happened in the North sea. The work has been provided by dedicated and loyal teams of people who have taken a lot of risks. They should not be taking unnecessary risks, and we owe it to them to ensure that they are provided with the safest possible environment. That means that we will benefit from the North sea, but not at any price.

10.14 am

Malcolm Bruce (Gordon) (LD): I congratulate the hon. Member for Aberdeen, North (Mr. Doran) on securing this debate. I should like to testify to his unstinting work on the issues of North sea safety in which he is heavily engaged and interested. He was right to bring this matter to the House—he does so from time to time—and highlight both the problems and achievements. I should like to draw out some of those and reinforce what my hon. Friend the Member for West Aberdeenshire and Kincardine (Sir R. Smith) also said.

According to Oil and Gas UK, my constituency of Gordon has more oil and gas jobs located in it and derived from it than any other constituency in the

United Kingdom. Ironically, the figure is greater than the electorate. That arises from the fact that a number of the headquarters of the major operators and supply companies are located in the constituency; the jobs are not necessarily based there. We are talking about an industry that employs some 450,000 people across the UK. Taking into account the investment and operating expenditure and export and balance of payments benefit, the industry is worth something like £40 billion a year. It is a very important industry. It is ageing, but not decaying, and that is the crucial point. It is in everybody's interest to ensure that the integrity of the equipment is maintained for its efficient and safe operation. In the context of the North sea, safety is everybody's responsibility.

As we have heard from some of the contributions, there is a recognition that it is not an "us and them" approach; that everybody understands the importance of safety. However, everybody must continue to apply pressure to ensure that we have the maximum safety culture. We have not always done that, but there is a recognition now that that is what we must do. If we reflect on the matter, we will see that we have an industry that is international in its scope and reputation, and that has a growing export business. A disaster in the North sea would have significant implications for the credibility of that industry as well as cause huge worries and anxieties to the people who are engaged in it. If we do not have the right culture—of being at the absolute apex of safety consciousness—it will not just prejudice the lives and concerns of workers in the industry, which are absolutely central, but affect the economic performance and capacity of the industry in the long run. That is why all of us must be engaged across the whole piece.

I also happen to represent Aberdeen airport. Although I have been told by the airport manager that it is no longer the busiest heliport in the world, it is nevertheless very busy. It was the airport from which the Super Puma operated by Bond left and was returning to when it crashed. Four of the crew lived in my constituency. That incident reinforces the point for all of us in the north-east. We live daily with the knowledge that we are asking people to trust themselves to this highly risky environment. Collectively, we need to respond to the best of our ability. I want to reinforce the point that I made in my intervention to my hon. Friend the Member for West Aberdeenshire and Kincardine. All of us have been engaged in discussions about the future of the North sea and the work force. There is real concern that the work force is ageing. I do not mean that they are old, but they are approaching a time when they are likely to retire or leave the industry. With them will go a huge residue of cultural knowledge, wisdom and experience. We must ensure that there is a younger generation coming into the industry and that that knowledge, information and culture is transferred to them quickly and efficiently so that they are carried through to the next generation. We all know that there is a challenge to persuade people that this is an industry with a future. Those of us who are engaged in it every day see young people in the industry doing the most amazing jobs and taking on the most remarkable challenges. They want to tell others that this is an industry that has not only a fantastic past but a great future.

I want to reinforce that point, because there is a view among those who are not engaged in this industry on a day-to-day basis that somehow it is just fading into the sunset and that it is a declining industry. The number of times people say to me, "Well, you must be worried now that the oil is finished, what are you going to do next?" And yet the information that we have is twofold. First, there is probably nearly as much oil and gas still to be recovered from the UK sector as has already been recovered. Secondly, there is a huge export industry that we are supporting internationally, from the collective capacity and technical ability of companies that have derived their success from operations within the North sea.

It is important that we have a taxation and economic regime that gives confidence to the industry that we will continue to invest, because as the hon. Member for Aberdeen, North rightly pointed out, the integrity of the structures and their inherent safety depends significantly on continuing investment. We must ensure that that investment is stimulated, encouraged and—this is the important point—is made at a level that guarantees that we have the platforms and the installations that we deserve and need.

Key Programme 3 was a very good check and one that reinforced the safety case culture. It is the responsibility of the operators to ensure that their installations are safe, but it is also the responsibility of the Health and Safety Executive to test those operators all the time, in terms of establishing what is the safety culture and what is the operation of those safety cases on a day-to-day basis. It seems to me that KP3 was an extremely useful check.

Similarly useful is the helicopter taskforce, which is chaired by Bob Keiller, whose company is also located in my constituency, beside the airport. Indeed, if one visits his company and many others in the industry, before anything else is discussed they will give a safety briefing, which is not just about the building that they are in; it is part of the recognition that, before anybody goes anywhere in the industry, they should think about safety. I do not think that any of us would deny that that culture is much more sharply defined now than it probably was in the past.

What is clearly important is that we put in place at all levels all the mechanisms that are necessary to ensure that we can have confidence that this industry will invest for the future, will operate for the future, that the people who work in it will have an environment that is as safe as it can be, that its international image is one of high integrity in every sense and that it has a long-term future.

Helicopters are an obvious point of concern, but there is no other practical way to take crews on and off platforms. It is true that the investment in higher technology and automation over the years means that the number of people at any one time on a platform now is smaller than in the past. However, the number of people flying backwards and forwards to platforms is sometimes greater now than in the past, because those people have specialist roles to play.

In that context, after the last crash there was a discussion about what we would do with helicopters. Clearly, there were very many workers who said, "I am very uncomfortable about taking that journey out". However, being the kind of people they are, they also say, "There isn't actually any option, that is my job and I will have to accept it, take it on trust and hope that the accident was something that happens rarely and won't happen again". Nevertheless, I think that anybody can

[Malcolm Bruce]

understand the atmosphere that would have been pervasive within the industry after that last crash. Therefore, we need to ensure that we have helicopters of the highest integrity and operation systems that are as thorough and rigid as they can be, in terms of maintenance and actual operation environment.

Of course, there has been some concern about the competition for helicopters. We have had separate debates in this House about the need for helicopters, for example in Afghanistan. I do not know whether the Minister will be able to comment, but we have concerns that there is some pressure on the numbers and availability of search and rescue helicopters. I hope that it is not true, but it has been suggested to me anecdotally that there are some people in the search and rescue business who are not sure that they can absolutely guarantee 24/7 cover around the UK coast. As I say, I hope that that is not true. I do not know if the Minister is able to give any reassurance on that issue or, if necessary, could write subsequently. It is important that, if there is a problem, we address it. Of course, that issue does not just concern the North sea; it concerns people operating in the industry, but it also concerns anybody else operating around the UK coast.

I believe that this is a very timely debate. It is important to stress that we have an industry here that has a very substantial past—I myself first went offshore in the North sea 36 years ago—and a very substantial future, whereby people will still be travelling offshore in the North sea in 36 years' time. We must also ensure that this is an industry that operates to the highest standards internationally and that people see it as a beacon of high standards, so that they can be attracted to work in it because they know that the environment may not be 100 per cent. safe—nothing can ever be 100 per cent. safe—but is as safe as it can reasonably be and that safety is the paramount priority of everybody engaged in the industry.

10.25 am

Paul Rowen (Rochdale) (LD): I congratulate the hon. Member for Aberdeen, North (Mr. Doran) on securing this morning's debate, and I welcome the contributions made by my hon. Friend the Member for West Aberdeenshire and Kincardine (Sir Robert Smith) and my right hon. Friend the Member for Gordon (Malcolm Bruce). I do not intend to repeat the many excellent points made by those Members; I just want to reinforce what I think are some of the main issues that have arisen from the debate.

Our debate this morning is certainly timely, given that the KP3 review was published in July and that this week is the first opportunity for right hon. and hon. Members to debate it. It is also good that progress has been made since the original report was published: remedial work has been done on serious problems, such as fire doors; there is a higher level of awareness about safety management and hazard risk control; and companies, despite the economic conditions, have continued to invest in training and hazard awareness.

It is true that there has also been progress, although perhaps not across the piece, on plant maintenance. As previous speakers have said, that will continue to be an issue, given the fact that the industry's plants and equipment are ageing and are likely to remain in place for a number of years. It is also good that organisations are being more co-operative and are sharing evidence.

However, as the hon. Member for Aberdeen, North said, despite the fall in the number of people killed in the industry—except for the figures for those killed in helicopter crashes—the number of hydrocarbon incidents and releases has not changed in the past few years. Although the number is considerably lower than it was at the time of Piper Alpha, I understand that there were 21 major or significant hydrocarbon releases in the second quarter of this year. There were 74 such releases in 2007-08, 74 in 2006-07, and 73 in 2005-06. If there is one lesson that needs to be learned from those figures and the fact that Piper Alpha was caused by a significant hydrocarbon release, it is that we need to do something to improve those statistics.

I believe that it would be of benefit to both the UK and Norway if the Health and Safety Executive's offshore division were to work with Norway's Petroleum Safety Authority. For example, an issue identified by the Petroleum Safety Authority that has not been mentioned already this morning is the fact that, in the Norway sector last year, there were 350 instances of work-related hearing damage. The authority says:

> "A continuing high number of hearing damage reports is an indication that personal protective equipment is an inefficient barrier".

Perhaps that matter could be examined.

Until the hon. Member for Aberdeen, North stated it, I did not know how many people had been killed in incidents involving helicopters. Forty crew members and 150 passengers killed since 1976 are certainly considerable numbers. I agree with what my right hon. Friend the Member for Gordon said: in the current circumstances, there is probably no other easy way of getting people to the platforms. However, continuing efforts are needed to ensure that the equipment is maintained and performs to the highest safety levels.

As several right hon. and hon. Members have said, the matter of personal locator beacons illustrates the need for the Civil Aviation Authority and the HSE to work together. Clearly, although that issue of collaboration may now be in the process of being resolved, it was not being resolved until the helicopter incidents earlier this year occurred. I agree with my right hon. Friend the Member for Gordon about rescue times. In February, it took two hours for the helicopter to locate people in the sea. That is clearly too long. I realise that the Government are under pressure to put more helicopters in Afghanistan, but that must not happen at the expense of the 24-hour, seven-day cover provided around UK shores. I hope that the Minister can give us an assurance on that.

As has been said, the UK oil and gas industry contributes significantly to our economy and is likely to continue to do so. It is a major employer, particularly in Aberdeenshire. It is important that the health and safety issues raised by the KP3 report and review are kept in people's minds and that there is no room for complacency.

10.30 am

Mr. James Clappison (Hertsmere) (Con): I congratulate the hon. Member for Aberdeen, North (Mr. Doran) on securing the debate. He made the important point that

this subject is not debated often enough; it is good that he has given us an opportunity to debate it. As he rightly says, it is of great importance to the safety of those who work in the industry, which employs hundreds of thousands of people in hundreds of installations, many offshore. The industry is of huge economic importance to the country, but the safety of the work force must be paramount.

The hazardous conditions in which such men work were brought home to us recently by the tragic crash of a Super Puma helicopter in the North sea on 2 April, in which, sadly, 16 lives were lost as the helicopter made its way to Aberdeen from one of the offshore platforms. Our thoughts must of course be with those who lost family and loved ones on that day. The hon. Gentleman gave us the background to that incident: not only had there been a similar incident some weeks before, in February—no lives were lost, but it was similar in other respects—but lives had been lost over the years in a number of other incidents involving helicopters.

I support the hon. Gentleman in the points that he made. I do not propose to go over all of them, but they were all well made, especially the points relating to the new helicopter taskforce set up by the UK offshore industry group. The taskforce has been meeting and performing a useful function, and he told us about some of the improvements made as a result. We are told:

"Its purpose is to act on behalf of the industry as a communications focal point for sharing information, advice and learning across the industry and with other stakeholders on matters arising from this and other helicopter accidents, including assisting with the implementation of any recommendations from the Air Accident Investigation Branch inquiries."

Clearly, that is an important function. I am pleased that the hon. Gentleman mentioned it to the Minister, as it gives us the opportunity to ask the Government what their approach is to the taskforce. One imagines that the Government are one of the stakeholders described by the group. It will be interesting to hear from the Minister what role Departments, the Health and Safety Executive and the Civil Aviation Authority have played. It would also be interesting to hear what other steps the Government have taken to promote helicopter safety since the tragic incident in April. I support the points made about the need to have search and rescue helicopters available, and I hope the Minister will answer those as well.

On more general issues of North sea gas and oil safety, the hon. Member for Aberdeen, North was right to ask about the HSE's review of key programme 3, which came about as a result of the KP3 report of November 2007 and was published in July. The review found

"evidence of good progress in addressing the issues identified by the KP3 work"

since November 2007, but in safety, of all fields, it is important to ensure that all issues are properly addressed, and it is clear from the review that some still need to be dealt with. I shall briefly highlight some of them, although there are others of importance.

The review made important points about asset integrity, saying that

"further progress in the management of asset integrity is required. The industry must also focus effort on greater reduction of significant hydrocarbon releases to build upon progress already made."

Once again, I would like to hear from the Minister what the Government's view is on that matter. Also, will he give us the most up-to-date figures on hydrocarbon releases, including the figures for April to June—the second quarter of this year—when there were apparently a number of significant hydrocarbon releases? The hon. Member for Aberdeen, North told us why it is so important that we bear down as much as possible on hydrocarbon releases.

The review made some points about corporate and cross-industry learning and communication, stating that

"more effort is required by the industry to break down barriers which are preventing more effective integration of the work of their independent verification bodies, and...concerns still exist over effective auditing and knowledge sharing within companies."

Again, one wonders what impetus the Government have given to the promotion of that important knowledge-sharing function. Does the Minister wish to comment on that?

Finally, among a number of important points, the review mentioned work force involvement in controlling major accident hazards. The hon. Member for Aberdeen, North was right to deal with that important point. It would be good to know the Minister's view on it, as the review said that further work was needed to develop work force involvement.

We must all be concerned about the safety of such a substantial and important work force. Safety must be paramount. We all remember the Piper Alpha tragedy of 21 years ago. The Government and all of us must play our part to ensure that there is no repeat of that tragedy, or indeed any tragedy at all, in this important field. We must do all we can and take all the time possible to bear down on the safety hazards that give rise to such incidents.

10.38 am

The Parliamentary Under-Secretary of State for Work and Pensions (Jonathan Shaw): I congratulate my hon. Friend the Member for Aberdeen, North (Mr. Doran) on securing this important debate. It is important that we have the opportunity to explore the progress made on these key issues, and I think that the Chamber recognises his contribution to health and safety standards in the North sea and his campaigning both in and outside the House on those matters.

It is important that we remember those who have lost their lives, as all hon. Members have said. The communities of north-east Scotland take huge amounts of wealth and resource out of the North sea, both in oil and gas and, as I know from my previous portfolio, by fishing. However, we know what perils the sea holds for many. We know of the 167 lives lost in Piper Alpha and of the 16 individuals who died more recently. As my hon. Friend said, his community has felt all too often the tragedy of loss of life and its lasting effects. It is important that we remember that in our reflections on how to improve safety.

That brings me to key programme 3. On the 20th anniversary of the Piper Alpha disaster, my right hon. Friend the Secretary of State for Work and Pensions commissioned the Health and Safety Executive to review the UK offshore oil and gas industry's progress on addressing the issues in the KP3 report on asset integrity. Hon. Members have referred to that today and my comments will concentrate on it.

[Jonathan Shaw]

Worryingly, even after 20 years of great attention being paid to health and safety issues, the report drew attention to a number of weaknesses, such as the offshore industry's poor performance and a lack of progress on improving areas of asset integrity. This year's KP3 review by the Health and Safety Executive found that the offshore industry leadership had responded well by allocating considerable resources to tackling the issues identified in the KP3 report.

The review found evidence that good progress had been made. KP3 and the review have raised awareness of the need for effective process safety management and major hazard risk controls. Good progress has been made on fabric and general plant maintenance, although ageing infrastructure means that that will be an ongoing challenge. Remedial work has taken place to rectify the serious causes for concern identified by KP3, such as fire doors and deluge systems. Leadership in asset integrity management is now firmly on the industry's agenda and has been effectively promoted throughout the sector. The industry is now more open to sharing good practice in asset integrity.

Although the findings of the review were encouraging, the challenges are ongoing and should not be underestimated. Offshore infrastructure continues to get older and remedial work is yet to be completed in some areas. Momentum must continue to prevent the assets degrading to unacceptable levels. The HSE will maintain the momentum by ensuring that asset integrity is one of the four priorities in the offshore division's plan of work. It will remain a key priority for interventions dealing with major hazard risk management, particularly in the light of the ageing infrastructure.

The KP3 review considered work force involvement, to which my hon. Friend referred. The Government recognise the important role that the work force and their representatives play on offshore installations, and the valuable contribution that they can make in managing major hazards offshore. The HSE gives a long-term commitment to promoting and facilitating work force involvement in its new strategy, which includes a specific goal dedicated to that. The work force are closest to the hazards and are often best placed to alert managers to problems and ways of improving safe practice. They have the benefit of an excellent network of safety representatives and committees covering all staffed installations. I commend their commitment and initiative, but that network can work effectively only in an atmosphere in which everyone is encouraged to have an open discussion on health and safety problems and solutions.

Such a culture was at the heart of the comments made by hon. Members. The review said that although there is increasing work force awareness of major hazard risks, improvements are required to strengthen the safety culture. My hon. Friend referred to the "not required back" system. In a recent HSE survey, one in 10 workers who responded said that they would fear losing their jobs if they raised health and safety issues. As he said, we must keep a close eye on that because such a culture is not conducive to the promotion of health and safety. People must not be afraid of losing their jobs if they raise legitimate concerns about their health and safety and that of their colleagues in such dangerous environments.

My hon. Friend also referred to the common permit to work. I agree that benefits could arise from the introduction of such a system, in particular for contracting employees. However, there are difficulties to overcome in implementing a common system offshore. The offshore regulations do not require a common permit to work system. The UK health and safety legislation regime uses goal setting and it encourages operators to develop fit-for-purpose systems. That approach has been successful in encouraging a diverse range of new entrant organisations into the UK offshore sector. Such organisations often have existing permit to work systems that work well for them. There is no evidence that forcing them to change to a common system would bring any safety benefits. Indeed, it might introduce additional hazards and overheads.

The most widespread permit to work system used in the North sea is the computerised integrated safe system of work, which is used by 60 to 75 per cent. of organisations. That is a capable system, but some small operators may not be able to justify the running costs for a single installation. The mandatory introduction of such a common computerised system could introduce additional hazards relating to the system's initial operation and future development.

My hon. Friend raised doubt over the accuracy of the percentages for the UK and Norway, to which the hon. Member for West Aberdeenshire and Kincardine (Sir Robert Smith) also referred.

Mr. Doran: Will the Minister give way?

Jonathan Shaw: I will give way, but I believe that I will answer my hon. Friend's point in my next paragraph.

Mr. Doran: I spelled out how I and others see the system. The key point is that we do not know enough about the benefits or disbenefits of this or that system. I want the Minister and the HSE to investigate and to carry out a proper inquiry so that we can see what the advantages and disadvantages are.

Jonathan Shaw: My hon. Friend is right. The HSE takes this issue seriously and will shortly ask the advisory committee to consider what steps are needed to improve the use of permit to work systems in the North sea. That will be the first step. The committee will be asked to consider what further information, if any, is required to address the issue. That could include the consideration of future research needs. The HSE takes this matter seriously and will not disregard it. Further work must be undertaken.

I will now respond to the comments on personal locator beacons and helicopters. Given the recent incidents involving helicopters offshore, it is not surprising that the issue was raised in this debate. As hon. Members have said, helicopter travel is the principal means of transportation of personnel to and from offshore installations. Despite there being a good safety record, it still remains an important issue for duty holders and all those who travel offshore.

The regulatory responsibility for helicopter travel is shared between the HSE and the Civil Aviation Authority. As the right hon. Member for Gordon (Malcolm Bruce) mentioned, communities and workers who travel backwards and forwards are not concerned about the myriad

organisations, but want to know that everything that should be done is being done by the powers that be. Each body has its area of expertise and they must work together. For example, the HSE enforces the requirement to provide a good prospect of rescue for individuals who enter the sea close to an offshore installation.

The HSE and the CAA have a memorandum of understanding that explains the roles and responsibilities of each, especially in areas of overlap. They meet on a regular basis to ensure that the memorandum of understanding remains up to date. The HSE and the CAA sit together on relevant groups and committees, and, when appropriate, they meet on a one-to-one basis to discuss relevant offshore helicopter safety issues and research matters. A good example of industry, the work force, the HSE and the CAA working together effectively was the contribution of the Oil and Gas UK personal locator beacon working group to addressing the issues related to personal locator beacons. I can report that a risk assessment exercise has been undertaken, which concluded that the future optimum arrangement would involve all beacons being of a similar power output and non-smart.

Agreement with the helicopter operators has also been reached, so that the Civil Aviation Authority will replace the smart beacons in life rafts with non-smart beacons. That work should be completed by the end of this year. Work is continuing on identifying a suitable non-smart PLB of similar power output to the aircraft beacons, which will be compatible with the personal protective equipment worn by helicopter passengers.

I am also pleased that progress has been made on tackling the inadvertent activation in flight problem. A series of environmental tests, which beacons will be required to pass, have been agreed with the CAA. Candidate beacons that are compatible with passenger personal protective equipment will be subjected to those tests over the next couple of months. Negotiations are also under way between Oil and Gas UK and the RAF to explore the possibility of the industry's funding an upgrade to the RAF's directional finding equipment in order to eliminate the potential difficulty with resolving multiple signals from non-smart beacons.

In concluding my remarks, I will attempt to address some of the issues raised by hon. Members. Concern has been expressed about helicopters and search and rescue in the wider context. Duty holders offshore do not rely on national search and recovery arrangements; they need to make their own arrangements. The HSE is not aware of any duty holder's not being able to secure the helicopters, vessels or ships that they need for search and recovery activities.

As I have said, personal beacon locators make a valuable contribution to search and rescue. It is important that we get the technology right, so that if people are in the sea because of a crash, they can be located quickly. Reference has been made to the February accident when people were found within the time frame laid down in very difficult conditions. As has been said, visibility was poor and personal beacon locators were important to that operation. As I have said, it is important that we get the technology right. I hope to have given some reassurance to colleagues that all the relevant bodies in the industry are working together to ensure that we have a response in place. Colleagues do not need to be concerned about our capability in terms of search and rescue helicopters.

On the efforts of the industry and its determination to respond to this important review and the recommendations, as my hon. Friend the Member for Aberdeen, North said, it is important to note that oil prices have resulted in a reduction in the revenues coming into the industry. At a time when the finances are not as rich as they have been, demands on the industry are greater to ensure that it makes the resources available to guarantee that there is asset integrity and that health and safety is a priority. Health and safety needs to remain high in the order of priorities and the industry should spend the necessary resources at this time. As all hon. Members have said, the gas industry is crucial to the UK and its economy. We need to ensure that our health and safety standards are the highest in the world—not just for our workers, but, as has been said, to make the most of the industry's opportunities to sell itself across the globe.

I welcome the industry's commitment to continuing to invest in the important area of asset integrity. However, again as hon. Members have said, if we get this right, there is no reason why the industry should not enjoy a long, safe and prosperous future. This is not a dwindling industry; it has a long life ahead of it, and we need to ensure that we play a key role and take a keen interest in it.

Despite recent progress on health and safety, there is still room for improvement, especially as the industry is facing new challenges. As I have said, the current recession is increasing the pressures on North sea operators in a high-recovery cost environment. The Health and Safety Executive is aware of the potential for health and safety to be compromised in the current climate. It is actively monitoring the developing situation to ensure that standards and recent improvements in performance are maintained, and I hope that performance will continue to improve. Everyone, including employers and workers, has an important role in ensuring that that happens.

Finally, everyone here today recognises that the work force have a vital part to play in taking forward the recommendations of the KP 3 review. As all hon. Members have said, health and safety is everyone's concern, and the role of the work force is central to that. The work force are truly the guardians of safety, but they must operate in a culture that promotes rather than discourages people's raising awareness of health and safety—my hon. Friend mentioned concerns about that. We need to work together to introduce the procedures and systems that will support effective worker involvement offshore. As all hon. Members have said, there is no room for complacency. There has been considerable progress and a cultural change, but we are not there yet. We must continue to focus, work hard and ensure that the UK leads the world in health and safety in the oil and gas industry.

China and the West

10.57 am

Mr. Mark Field (Cities of London and Westminster) (Con): May I welcome you to the Chair, Mr. Taylor? I often hear your interventions from the other side of the Chamber, but I hope that there will be slightly fewer interventions today than there normally are during the debates that I introduce on economic affairs. I shall speak in some detail about the implications for UK policy of relations between China and the west, and about the global economic implications of those relations in what is obviously a globally trading and highly integrated world economy.

The collapse of Lehman Brothers last September triggered an unravelling of the global economy so swift that its cause and scope was beyond the comprehension of not only a bewildered public but most politicians and financiers. Since that time, a huge number of jobs have been junked, global trade has slumped spectacularly and Governments across the globe have borrowed unimaginable sums to shore up our ailing economies. The implications are so colossal and, indeed, so long term that we do not know their true cost, and I suspect that we will not do so for a considerable time.

If we are to understand the broader reasons why that unravelling has occurred, we should examine the crucial relationship between the world's biggest economy—the United States—and its eastern pretender, China. For many years, that relationship has driven globalisation, but it now has the potential to wound fatally that same project. For a decade or more, the United States—along with the UK—has pursued a model of growth based on debt-fuelled consumption, and the cash and cheap goods provided courtesy of China. Pursued to its limits, that relationship has become dangerously unbalanced, and the myth of its sustainability was brutally uncovered when the complicated financial mechanisms that had hitherto propped it up dramatically collapsed during the past year or so.

The consequences of that imbalance are not yet fully apparent and their impact is still difficult to predict. However, it seems certain that the change will be profound and troubling and that the west's position in the world may never be the same again. In the 1970s and 1980s, Wall street received a number of breaks, which began with the dollar's link with gold being broken by the Nixon Administration's repudiation of Bretton Woods. Later, of course, when Ronald Reagan was President, he ended capital controls. The global bond market expanded and the US economy was liberalised, opening up American savings and pensions. With US pension funds ballooning, Wall street for the first time had access to a huge new source of finance, which it sought to invest to maximum value. Corporations were encouraged to invest globally, to exploit new markets and to demand the highest return for their shareholders, who were often ordinary American pension holders.

Alongside all that came a hollowing out of the US manufacturing industry as companies looked abroad for cheap goods and labour. Indeed, similar trends were afoot on these shores. By the mid-1980s, the American manufacturing sector was increasingly taking advantage of competitively priced, non-unionised foreign workers by moving much of its production abroad. That process only accelerated when the end of the cold war introduced millions more workers to the global economy. The working classes of America were invariably the losers of that deal, but politicians made the case that the benefits to the US would somehow outweigh their collective plight as new employment would be found in services, technology and the like. Workers would be reskilled and the vulnerable would be caught, in the short term at least, by the welfare system.

China was poised and ready to take advantage of those developments following decades of economic darkness, at least as far as the west was concerned, since the emergence of Chairman Mao in the 1940s. The more pragmatic regime of Deng Xiaoping adopted an open-door policy from the late 1970s. The country moved away from command socialism and concentrated on developing strategic industries with the global market very firmly in mind. The United States happily paved the way for further Chinese integration into the global economy, culminating in China's eventual admission to the World Trade Organisation in 2001. That final step was partially aimed at shrinking the trade deficit between the two countries, but in reality that deficit has ballooned, especially in the past decade.

Whilst China did liberalise and open certain sections of its economy, it also kept the door closed to its domestic market. By casting aside the established rules of free trade, China became the overwhelming beneficiary of globalisation, exploiting western markets while reinforcing its own role at the centre of an increasingly powerful Asian market block. That powerful Asian market block will be the reality that we will all face. It will be a challenge, but should also present great opportunities in this country in the decades to come. China simultaneously built up its own internal market and service sector, accrued vast reserves and began to secure stakes in strategically important commodity corporations and those that agreed to transfer technological know-how.

By the late 1990s, the income of the average US citizen had begun to stagnate as the hollowing out of western economies continued apace. To disguise that somewhat unpalatable problem, politicians in the US and here in the UK, its most closely related economic cousin, eagerly took advantage of the low inflationary environment provided by cheap Asian labour. They turned to high consumption as an economic model, fuelled by debt, which was often racked up against Chinese reserves, in the private and public sector. With easy credit and cheap mortgages, US and UK individuals were able to borrow cash as never before, with a false perception of wealth embedded by access to cheap Chinese goods.

Meanwhile, financial services in the west thrived to manage the seemingly insatiable demand for new investment instruments. For politicians in America and China, the relationship between the countries seemed, for so long, to be a classic win-win situation. In the US, citizens could enjoy cheap money and cheap goods, while in China, the immature manufacturing sector boomed as hungry western markets were exploited. For sure, even in the late 1990s, there were some nagging doubts about the sustainability of that arrangement, but to rectify them would have caused short-term economic difficulties and would have got politicians in the west, who always have an eye on the electoral calendar, into hot water

with angry voters. Furthermore, the United States was still in the driving seat and would be able to dictate the terms of that relationship with China—or so we thought.

Make no mistake: China will not emerge entirely unscathed from this global recession. A slump in demand has already led to extensive Chinese unemployment, and social upheaval may follow. Given that China relies so heavily on the healthy US consumer, it is conceivable that the unbalanced, overly dependent relationship may yet develop into a tight economic alliance. Nevertheless, China remains on a growth trajectory that seems likely to take its economy past that of the United States by 2050. The US Treasury and its ailing banks have without doubt been stabilised by Chinese loans and loans from other sovereign wealth funds from the middle east. The US market remains very dependent on cheap Chinese imports, and it is hard not to conclude that China holds most of the cards when negotiating the terms of its bargain with America. What is more, its ascendancy, and that of its near neighbour, India, may be just beginning.

Last year, as the financial system collapsed at a breathtaking rate, US and European banks and Governments quickly borrowed colossal sums to shore up their operations. That borrowing was largely funded by China's vast surplus. In that way, a trend that was already in motion—a shift, as I always put it, of economic power eastwards—has been markedly accelerated. The legitimacy of western capitalism has always been bound up in the idea that it can best deliver prosperity to the masses, offering many millions a route to middle-income stability each year. But as jobs and money have been sucked eastwards, that mass prosperity, for the west at least, may no longer be guaranteed.

The wealth of the past two decades is increasingly being regarded as an illusion, and the competitive edge that the US and Europe might have had over China and India in services, technological development and scientific research might just as easily be taken from us. China is churning out millions of industrious, well-qualified engineering and technology graduates every year or two. As it controls stakes in so many western corporations, it is also able to transfer and copy intellectual wealth with ease. Soon the powerhouses of Asia could be undercutting western labour in not only manual but white-collar and the most highly qualified management positions.

I have visited China twice—three times if one includes my trip to Hong Kong in 2006—and I have seen at first hand how rapidly China has been able to transform itself. On my last trip, I led a delegation of local Chinese business folk from my constituency—Chinatown, in Soho, is, of course, in the Cities of London and Westminster—and we visited the two booming cities of Beijing and Shanghai. I was accompanied by half a dozen British-born business men from the London Chinatown Chinese Association.

During the first leg of our trip, we stayed in the Pudong district of Shanghai. Only 15 years ago, Pudong was just a handful of small farming villages, but it has since been swallowed up into the enormous Shanghai metropolis, and the Chinese have built from scratch a financial district that, in addition to having countless skyscrapers, is populated by 2.8 million people. Shanghai's overall headcount is now about 20 million, which is three times the population of London, which is Europe's biggest city.

Whilst out there, I also travelled on the Maglev train that links Pudong to Shanghai's international airport. The technology for that electromagnetic train system dates back to the 1930s—it was a German invention—but it was adapted for commercial use only relatively recently. We smoothly travelled at some 430 kph, or 275 mph, on that state-of-the-art transport system. In all, the 21-mile journey took eight minutes from start to finish; one can just imagine the degree to which a Maglev link between the City of London and Heathrow would ease the strain of doing business here, although I suspect it would also mire us in the endless planning wrangles to which major infrastructure projects in the UK are subject.

During that visit, I also saw the sparkling, state-of-the-art dock development. That involved driving across the 20-mile Donghai bridge, which is the longest bridge across water in the world, but took a mere three years to build. The port, which has been developed on largely reclaimed land in the bay outside Shanghai, features acres of containers stacked up, literally, as far as the eye can see. It had been only a few years since my first trip to Beijing, but the change in China's political capital was enormous, not least because that metropolis was, at that juncture, preparing for the 2008 Olympic spectacular. So, we can only imagine what China will achieve in the coming decade.

So, what will China do with the strong hand that it has now engineered? Many assume, perhaps naively, that along the path towards economic superpower status, China will inevitably become more open, democratic and western. We assume, in this country—or perhaps just hope—that it will abide by the western ideals that have shaped the world's international institutions and laws in the past 60 or so years, and that it will perhaps play by our rules. But all those notions betray a fundamental misunderstanding of how China operates. Westerners have confused the material wealth brought by access to cheap credit and cheap goods as a physical demonstration of our superiority in the world. However, the debt accrued by the west has come at a cost, a cost that perhaps too many outsiders, certainly in the political class, do not fully appreciate, but that will become apparent in the decade ahead, in terms of both future economic health and, more importantly, global influence.

China has played, and continues to play, a patient game. Not for that country are the quick fixes and instant gratification inevitably pushed for by western democracies. Indeed, a more long-term strategy has been pursued, best illustrated by Deng Xiaoping's 24-character strategy: observe calmly; secure opposition; cope with affairs calmly; hide the extent of our capacities; bide our time; maintain an assiduous low profile; never claim leadership; and make some contributions apparently from the sidelines. I believe that it is inconceivable that China will not now seek to exercise its muscle on the international, diplomatic and military stages as a result of the strong hand that has been quietly won economically in the past decade.

In fact, that power is already manifesting itself. Take, for instance, China's refusal to condemn explicitly the nuclear ambitions of either Iran or North Korea. Look at its military action in Tibet, despite the international outcry, and the continued unease in Taiwan, of which, I

[Mr. Mark Field]

suspect, we have heard only the first Act. The influence that China exercises across large swathes of commodity-rich Africa, from Sudan to Zimbabwe, is also apparent. Similarly, from the Caribbean to the south Pacific, it is systematically buying up influence at the United Nations among its smallest sovereign nations. I have seen with my own eyes the number of countries that only a few years ago recognised Taiwan but that now recognise the People's Republic of China, and those countries are all individual voters in the UN. China is increasingly likely to reject US military, economic and humanitarian pressure, even when it is under Barack Obama's leadership. It will have greater success in any future competition for resources and power and will be able to ignore the norms and rules, as we have set them, of the international community.

What does all that mean for the UK? I am interested to hear what the Minister will say, and I appreciate that his eyes are now slightly closer to home, following his latest promotion, on which I congratulate him, but I am sure that he will have some things to say about this matter, and no doubt his successor, when looking at Chinese affairs, will have this at the top of the agenda.

Curiously, now that the price of our national profligacy has been put into sharp focus, policy makers seem determined to return to business as usual. Further borrowing and the maintenance of historically high levels of public expenditure seem, I fear, the order of the day, as the Government seem reluctant to prepare voters for some very inconvenient truths. With typical impatience, the media are already beginning to ask when the recession will end, as they hunt for green shoots in every dark corner. The cold reality, however, is that we must accept that for too long this country has been living way beyond its means, riding a wave of abundant credit, low inflation and inflated house prices, which have combined to create a false hope of ever-rising living standards. As a medium-sized economy primarily reliant on a hitherto booming financial services industry, we shall remain vulnerable, I fear, for some time to come.

For those middle-income folk outside the gilded corridors of finance who are unwilling to accrue wealth largely via housing debt, the economic stagnation has became ever clearer well before the recession. Average salaries and wages have stagnated for almost a decade, a fact that has been disguised by the grossly inflated asset prices, particularly private housing. For younger people in particular, merit and hard work were no longer translating into secure, well-paid jobs and affordable homes. Despite this, I believe that the past 15 years will soon be regarded, and for some time to come, as having been the very best of times. The long, hard slog of a slow recovery will be difficult to swallow for a nation used to assuming that its debts would never be called in. British employees are owed nothing more than the Asian sweatshop worker, and even the graduate-level openings of tomorrow might equally be filled in the decades ahead by qualified and hard-working 20-somethings from the east.

A rapid return to sustainable economic growth cannot be taken for granted. Complacent hopes of British exceptionalism might not see us through. We might not have the money to cushion this blow, as we have had in the past, with a generous welfare system. In the short term, we need to take a long, hard look at the books and sharply pare down our spending commitments. In the longer term, we need to make a strategic decision on the direction of our economy: whether to gamble our future on the possible resurrection of the financial services industry alone, going it alone as some sort of beacon of dynamism, or whether to diversify our economy and, implausible as it might sound today, tie our future more firmly to Europe in the hope that our strength-in-numbers approach will shield us from the stiffest of economic competition from the east.

The City of London, which is in my constituency, is already acutely aware of the increasing influence and economic power of China and has been preparing for Chinese growth for some time. Over the past decade, the City of London corporation has actively sought to engage with the Chinese leadership and with Chinese regional governments and business leaders, particularly since China became a member of the WTO eight years ago. While much of the corporation's work in China has been undertaken by representative offices in both Beijing and Shanghai, the City's annual, high-level outward visits involve a significant role in advancing relations for visiting delegations. The City appreciates that the regular interaction with China's economic decision makers is vital to London's continued position as an international financial centre as it provides the City with an ongoing opportunity to influence the development of China's financial sector. It is an approach that is already reaping dividends. China's State Council has cited the City of London as a model for Shanghai. The willingness of both countries to engage openly and share expertise has resulted in a greater flow of trade, which benefits UK-based industries in financial services and those firms seeking to expand and grow in a developing market.

With emerging markets accounting for an increasing share of world growth, London knows that it can no longer act in isolation if it is to remain a leading financial centre. The City has therefore worked to foster a web of financial, educational and cultural connections with traditional financial centres, such as New York and Hong Kong, but also with Shanghai and Bombay. Under the umbrella of the memorandum of understanding between the City of London and Shanghai, the corporation has also developed a strong partnership with the Shanghai financial services office, which is tasked with developing Shanghai as a financial and maritime centre. That interaction provides a vital insight into the thinking of the Shanghai government and gives City firms attending round tables and meetings access to Chinese officials. It also allows the UK model to be better understood by China and helps UK firms to win business as the Chinese financial sector grows.

The corporation has also been supporting the Treasury's economic and financial dialogue with China. That collective effort to assist UK firms, share UK expertise and reinforce with the Chinese authorities the fact that there is a two-way benefit of greater trade flows is vital to the success of many UK-based financial services firms, especially the large number seeking to expand in China. As a result, 13 of the 79 qualified foreign institutional investor licences available are held by UK companies, which is higher than for any other European country. UK firms have been sharing knowledge of the corporate bond market in order to reduce China's reliance on the

banking sector, and those UK banks will be well placed when foreign banks are allowed to underwrite corporate bonds.

Due to the work being done to link the UK financial services industry to China, the UK now runs an invisible trade surplus with China, in which the balance of trade is about 2:1 in Britain's favour. That contrasts sharply with our visible trade balance, which runs 5:1 in China's favour. UK banks now account for 10 per cent. of foreign banking in China, generating significant revenues for the UK. Our companies are heavily involved in Chinese markets for insurance, legal services and other professional services. For instance, PricewaterhouseCoopers, the global accountancy firm, is the leading firm in China, measured by fee revenue, followed by Ernst and Young, Deloitte and KPMG. Amid all the gloom and doom in the financial services industry, from our own shores and perhaps also from Wall street, there are some good news stories, and this has been one specifically important area, and I would be interested to hear what the Government will do to ensure that it continues to work in that fashion.

Thankfully, the City of London welcomes China's increasing role in the global economy and regards it as not only a major opportunity for UK firms, but a way of influencing Chinese policy. China will remain a major exporter, but the City believes that Chinese leaders accept that a balanced economy also requires increasing domestic consumption. The UK-based financial services sector can play a crucial role in that and will feature prominently at the Shanghai Expo in 2010. By working in partnership with the Chinese Government and firms, the City of London Corporation seeks to derive maximum benefit for UK firms in mainland China, and from Chinese firms establishing operations in the UK and becoming part of the international financial centre that is the City.

The recent economic demise has never been outside the bounds of possibility. History is full of banking crises, burst bubbles and periods of economic darkness, but the breathtaking speed at which economic power will shift firmly to the east is new. The fundamental imbalance in the economic relationship between the United States and China will now either cause that relationship to implode, or problems will be prolonged and made more acute by a continued tsunami of debt. Either way, the coming decades are likely to be shaped by the emergence of an increasingly confident China that is keen to flex its muscle economically, politically, culturally and, in short order, I suspect, militarily. Others may wish to discuss further the military aspect. Understandably, given the constituency that I represent, my speech has focused more on matters economic and financial.

I believe and fear that the west's hope that it can somehow assume continued dominance in the knowledge economy may prove optimistic. Within the next 20 years, it is quite likely that intellectual property rights as we know them, be it licensing, patents or copyright protection, which have underpinned the west's competitive advantage, will undergo an overdue radical philosophical shake-up. An ever more assertive China will argue that traditional IP structures are no more than the west's attempt to impose its own form of protectionism to suit its particular demographic.

We should not assume that the dominance of our values in determining global trade will remain unchecked. If there is to be a longer-term price for our collective indebtedness, I fear that it will be for the UK to watch, with increasing impotence, it become our turn to suffer as the rules of the global trading game are changed to our detriment. It is fundamentally for that reason that we need to get balance back in our economy and reduce the debt at the earliest opportunity.

I look forward to hearing what the Minister and other Members who wish to contribute to this debate have to say. As I said, the subject is rather wide-ranging, and I have perhaps focused unduly on matters financial and economic. I hope that others will feel that that they can speak openly about matters in respect of China that are closer to their heart.

11.22 am

Mr. James Gray (North Wiltshire) (Con): I thank my hon. Friend the Member for Cities of London and Westminster (Mr. Field) for his initiative in calling this debate and congratulate him on the magnificent tour d'horizon that he gave just now, particularly in respect of economic relations between China and the west. It is perfectly reasonable that, as the Member who represents the City of London, he should do so.

Looking forward over the next 20 to 50 years, anyone who ignores the likelihood of China becoming an economic superpower, to use my hon. Friend's expression, is ignoring some basic economic realities of the world's history. If, 50 years from now, China and India between them—alongside the United States and, one presumes, some European influence as well—do not dominate the world's economy, I would be extremely surprised. I do not have the figures to hand, but they are simply astonishing, particularly on information technology. I believe that I am right in saying off the top of my head that 400 million Chinese—some five times the entire population of Great Britain—currently own a mobile phone, 400,000 Chinese are actively blogging, and the number of personal computers is simply beyond the realms of imagination.

The fantastic developments in China in every kind of industry, often but not necessarily in partnership with western companies, are second to none. Anyone who looks at either Shanghai or Beijing, as my hon. Friend did, sees just from the quantity of pollution in the air how much industry there is in those gigantic cities. They are without question economic superpowers.

China's membership of the World Trade Organisation is very much to be welcomed and gives a flavour of things to come, and the Chinese are to be congratulated on the enormous investment that they made in preparing for the Olympics last year. I recently saw with my own eyes the change in Beijing over the past 10 years, which is simply astonishing.

In all of that, it is vital that the UK, which is one of China's most important trading partners, extends and harnesses economic and trading relationships—and we are doing so: things are going remarkably well. Some very good relationships have been developed between us and the Chinese over the past 20 years or so, and I am sure that that will continue over the next 20 years.

I wanted to take part in this debate to speak not about the economy, but about a fly in the ointment of good relations between us and the population of

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1.2 billion in the People's Republic of China. My comments result from a visit that Lord Alton, Lord Steel, the hon. Member for Sittingbourne and Sheppey (Derek Wyatt) and I made to China and, in particular, Tibet during the summer. I wish to touch on a couple of Tibetan issues, if I may.

One of the arguments that I advanced in meetings with senior Chinese officials in Beijing was that it seems extraordinary, at a time like this, with the economic potential that my hon. Friend described so well, that there should be visits from parliamentary delegations such as ours. Indeed, the previous week, the Minister of State, Foreign and Commonwealth Office, the hon. Member for Bury, South (Mr. Lewis), who I believe at the time was the Foreign Office Minister with responsibility for China—we are all slightly muddled as to which Minister has responsibility for which areas at the moment. I believe that I can correct my hon. Friend by saying that the Minister present here today—the Under-Secretary of State for Foreign and Commonwealth Affairs, the hon. Member for Rhondda (Chris Bryant), whom I congratulate on his promotion—now has responsibility for China, unless I am much mistaken. If I am, he will no doubt clarify that later. We are all mistaken—we do not know who does what at the Foreign Office.

Mr. Keith Simpson (Mid-Norfolk) (Con): Lord Mandelson.

Mr. Gray: Is Lord Mandelson in charge of everything? *[Interruption.]*

David Taylor (in the Chair): Order.

Mr. Gray: I beg your pardon, Mr. Taylor. I am being diverted from my subject.

My point was that our parliamentary delegation and the one the previous week, which included the Minister of State, headed to Tibet and Beijing for high-level discussions, and those meetings were dominated not by the potential for trade with China, nor by its economic influence in the world, but by the issue of an ageing, retired priest living in north India—namely, the Dalai Lama. Important as other issues are, that little issue of Tibet—a country whose population is some 2 million, compared with China's population of 1.25 billion—has such overwhelming influence on our relations with the People's Republic of China. We tried to make the argument to the senior Minister whom we met that it would surely be in China's best interests to find some sensible solution to the difficulty of Tibet and the Dalai Lama, so that the effect on China's relations with the rest of the world is removed.

It seemed to us that several things could be done. My hon. Friend the Member for Cities of London and Westminster mentioned in passing the military presence in Tibet, and we certainly saw plenty of evidence of that. Tibet was opened briefly for the visit of the Minister of State and for us, and then of course was closed again for the 60th anniversary of the foundation of the People's Republic, but during our brief visit we certainly saw a significant military presence. There were many soldiers and vehicles and definite evidence of suppression of pro-Tibet or free Tibet feelings within Tibet.

We sought to raise with the Chinese in Tibet a large number of human rights issues, including absurdities such as Tibetan monks who put up a picture of the Dalai Lama being arrested for doing so and any Buddhist monk refusing to condemn the Dalai Lama being arrested. Such things are absurd. They are symptoms of a totalitarian state of the kind that we no longer see in western Europe.

We tried to argue to the Chinese authorities that suppressing pictures of the Dalai Lama was not dissimilar to our attempts to suppress the speaking voice of the Northern Ireland IRA. Do Members remember that we used to have pictures on television and actors reading out the words over the picture? Suppressing pictures of the Dalai Lama is an absurd thing to do. It calls attention to him and gives wrong messages.

We tried to develop with the Chinese a middle-way solution, to use the Dalai Lama's expression. Lord Alton was particularly keen on the potential of looking at some parallel with Vatican City, where the Pope reigns supreme in an independent little parcel or palace in the middle of Italy.

There is a variety of different solutions and all sorts of ways that we could think about the situation. The first thing that has to happen is face-to-face negotiations between senior Chinese officials and the Dalai Lama himself. There is absolutely no point in having the Dalai Lama's representatives; there must be face-to-face negotiations. Surely, then, the Chinese could find some kind of solution to the problem.

The all-party group produced a weighty document yesterday. I will not bore hon. Members with it this morning, but I recommend that people—officials in particular—have a look at it. We took forward some discussions with Chinese officials. As my hon. Friend mentioned briefly, I found that there was some degree of puzzlement about why the Chinese should allow Tibet to become such an important matter and such a big fly in the ointment. We have to ask why the Chinese built the railway on which the train in which we went from Xinang to Lhasa ran, which cost, along with the road, many billions of US dollars to build. The Chinese said, "Oh, it is to encourage tourism." It really was not. There has not been all that much tourism in Tibet, particularly not when the borders are closed and visas are refused even to visiting ambassadors. I am not sure that it is to do with tourism. They said that it was to do with economic development in Tibet. If that was so, there are large parts of China where they could, today, be building railways. The notion that they built the railway simply for economic development in Tibet seems wrong. A glance at the map shows that Tibet lies somewhere between China and India, and I suspect that that probably has much more to do with it. The large number of troop movements that we saw on the trains, as we passed them on the way in, seems to suggest that it has more to do with the Chinese interest in Tibet.

All of that is worrying. I hope that Her Majesty's Government begins to look at the matter as follows. This is an insignificant dispute, involving an ageing priest living in north India and the questions of who is in charge of Buddhism and what the exact meaning of "autonomy" is. The area is called the Tibet Autonomous

Region and there is some dispute between the Dalai Lama, the Chinese and ourselves as to what autonomy is and what sort of autonomy Tibet should have. Is it the same as Scottish autonomy within the United Kingdom, for example, or the same as the Tamils might wish for in Sri Lanka? There are many different kinds of autonomies. Is it not extraordinary that such a detailed, historical matter of insignificance in the big picture of world events should be souring our relations, and those of western Europe and the United States, with the People's Republic of China?

It seems to me that the officials to whom we spoke were beginning to accept that argument. I got the impression that they were slightly yawning and saying, "This is all very silly, can't we talk about important matters?" Her Majesty's Government ought to try to find a way of saying to the Chinese Government, "Let's solve that one. Let's move forward. Let's think about your strategic reasons for the vast Chinese investment in Tibet. Let's have a look at what our real relationships ought to be. Let's find a way of solving a rather silly little problem in the big picture and move forward from here."

I found it chilling, when we returned to our hotel in Beijing, on the way back to London, to be told as we tried to go for a walk along one of the main boulevards after Tiananmen square that we were not allowed to leave. Being British, I just ignored that and strolled out down said boulevard and no one seemed to object, although it could have caused an international incident had it gone wrong. We were told not to leave our hotel because of the rehearsal for the 60th anniversary parade through the centre of Beijing, for which the whole of the middle of Beijing was closed down, with all the population removed from it. This gave us a bird's eye view of the military part of the parade—the whole parade was quite extraordinary—amounting to hundreds, perhaps thousands, of military vehicles, including intercontinental ballistic missiles, endless nuclear weapons and a vast array of military hardware redolent of the Soviet Union at the height of Soviet power. I found it slightly chilling that, at a time like this the Chinese should put, in this parade, focus on trade, industry or history, or on joyful peasants dancing in the streets, but on hundreds and thousands of vast pieces of military equipment parading. They did that to send a strong message to the west. It certainly sent a strong message to us.

I endorse the remarks made by my hon. Friend the Member for Cities of London and Westminster. There is more to China than the vast economic potential that we all know about. We have to think carefully about precisely what its military, diplomatic and international ambitions may be.

11.34 am

Jo Swinson (East Dunbartonshire) (LD): I congratulate the hon. Member for Cities of London and Westminster (Mr. Field) on securing the debate and opening it with such eloquence, setting out the economic challenges that the UK and other countries will face in the context of China's growth and emergence as an economic powerhouse. It is an important subject and, as is often the way with 90-minute debates in Westminster Hall, we could spend much more time discussing it, because it has so many aspects. We have heard about the economic side and the hon. Member for North Wiltshire (Mr. Gray) has focused on Tibet.

The recent celebrations of the 60th anniversary of the People's Republic of China were well publicised. I share the concern expressed by both hon. Members about the fact that China chose to celebrate with cruise missiles, unmanned drones and nuclear missile carriers, because those are not what most people would think of as the main symbol of their country's pride. There is genuine concern about freedom of expression and the human rights situation in China, and I will touch on that in my remarks. However, it is important, when passing judgment on other countries, that we look to the difficulties that we face in our own country. It is particularly interesting to note that today *The Guardian*, a national newspaper, has effectively been gagged, preventing it from reporting on Parliament in relation to the Trafigura issue. It is important to recall that not everything is perfect here. However, it is also interesting to see how that matter has been taken up by the internet.

The hon. Member for North Wiltshire mentioned the huge number—in the thousands—of bloggers in China. Issues to do with freedom of expression in China will be dealt with by the increasing use of the internet. China spends a great deal of money trying to repress the internet, shutting down sites and so on: YouTube and a lot of other websites have had content from China removed from time to time. For example, if people in China google "Tiananmen square", they get information about the history of the landmark and about visiting it as a tourist attraction, but they will not receive any news within that web search on the atrocities that happened there. Ultimately, however, although China tries to repress the internet, it will end up being a tool for opening up democracy within that country.

Obviously, the huge economic growth of China has brought with it much greater political influence. China is becoming increasingly important in many different diplomatic areas, including nuclear proliferation in North Korea and Iran and human rights issues in Burma, Sudan, Zimbabwe and Sri Lanka. The challenge for the UK is to work out how best to engage with China across a range of issues, not least climate change, where it has a crucial role to play. I welcome the Government's strategy, published earlier this year, called "The UK and China: a Framework for Engagement." I will pick out some points from that in my remarks.

If anything good has come out of the global recession—it is sometimes important to look for silver linings—it is unprecedented international co-operation on economic matters. That will be important as we face global challenges, including a transition to a low-carbon global economy as we approach peak oil, for example. The fact that the G7 has recently decided to make way for the G20 as a forum for global discussion is welcome. It is vital that we recognise the importance in such talks of the emerging economies of China, India and Brazil. China's importance in the move from G7 to G20 is key. We need to go further and reform other international institutions, including the International Monetary Fund, to ensure that the realpolitik of the global environment is much better represented.

As the hon. Member for Cities of London and Westminster mentioned, there are differences in the structure of China's economy versus the economies of

[Jo Swinson]

the west. China's saving rate in 2008 was more than half its gross domestic product. China requires a reduction in saving, but that is the opposite of what we need to do. It recognises that its people need to spend more to increase its stability. As it reforms its welfare state and health care systems, that will reduce the incentives for the Chinese to save so much of their income, which is in effect an insurance policy and safety net that they create for themselves.

The Chinese are having to change their mindset and culture with regard to their economic habits, and we need to do the same. The average adult in the UK owes more than £30,000. That personal debt is, as I am sure all hon. Members are aware, a huge burden that people are bearing within the difficulties of the recession. An essential task for the Government is to reform the regulation of credit and debt in the UK, so that it is no longer possible for people to get into such unsustainable personal debt. The hordes of junk mail that come through people's letterboxes urging them to take on thousands and thousands of pounds more debt need to be curbed.

Mr. Brooks Newmark (Braintree) (Con): In the same way as the hon. Lady is arguing that the Government should have responsibility with regard to how much their debt builds up, surely consumers themselves have a responsibility to decide how much debt they should be taking on.

Jo Swinson: The hon. Gentleman is right to say that consumers, too, have a responsibility, although I argue that there is a role for financial education because it is difficult for people to take on that responsibility if they are not well informed about the different products available and what APR means. There needs to be much more information in a very accessible format within the formal education system at school, but people who have left education should also be able to access such advice. Yes, people need to take responsibility, but that does not let off the hook companies that act irresponsibly by lending more than people can repay and by having sky-high interest rates that are just unjustifiable.

David Taylor (in the Chair): Order. The hon. Lady seems to be wandering a little from the main topic that we are debating.

Jo Swinson: I welcome your advice, Mr. Taylor, and shall return to the specifics of China.

China is becoming the biggest economy in the world, so we must ensure that we maximise the benefits for the UK. We are the top EU investor in China and it is right that that should continue to be the case. I welcome the Government's stated aim to equip British people with a much better understanding of China and Chinese language skills. Will the Minister enlighten us about how the Government intend to do that? On my visit to China, I was struck by how huge the language barrier is, because of course it involves not just a language, but an entire alphabet and different symbols. I am not convinced that it is necessarily an easy language to learn. None the less, we should be encouraging that to be happening to build better relations economically and more widely.

Climate change is a crucial issue in our relations with China. China has quickly become the world's biggest polluter, and we need to have its commitment at Copenhagen in December if we are to achieve a good deal. I was lucky to visit China last year with the Environmental Audit Committee. We were undertaking an inquiry into the international context of climate change post-Kyoto. I have to say that I was pleasantly surprised by the efforts that the Chinese were already making on that issue. They seemed to be truly committed to reducing emissions per yuan of GDP, which is very welcome, but the challenge that we face relates to the scale of the change taking place in China.

Industrial pollution was mentioned as a visible sign of that. I was struck by the huge motorways going through Beijing. They were eight lanes wide and absolutely gridlocked with the increase in traffic. The fact that hundreds of millions of Chinese are still without access to electricity means that, rightly, there is an incentive—an imperative—for the Chinese Government to improve living standards. However, the downside of that is that they are rapidly building more coal-fired power stations, so working with the Chinese on climate change is essential.

Mr. Newmark: The subject of the debate is UK relations with China, and the UK does have a particular expertise in carbon capture and carbon sequestration, which BP has been leading, I think, in Scotland. Surely we should be using that technology as a means to enhance our relationship with China, because it has about 200 to 300 years-worth of coal, particularly dirty coal. Working with the Chinese, perhaps using that technology, we can help to enhance our relationship and improve the situation with regard to climate change.

Jo Swinson: The hon. Gentleman is right to say that technology transfer is a vital part of the relationship, although again, one of the things that surprised me when I visited China was how far ahead the Chinese already are on technology such as carbon capture and storage. We met a collaboration of seven different companies—I think that they are mainly state companies, even though they have different names—that had come together in China to work on CCS. Given the speed at which we are progressing on the issue in the UK, there is a real danger that the Chinese will get the technology up and running before we do, although obviously we should be ensuring that we share that knowledge and information because it is an essential piece of technology. As the hon. Gentleman rightly says, China has coal; it will want to ensure that it provides electricity and it will do that through dirty-coal-fired power stations. We must ensure that CCS technology can be retrofitted to them.

There are other things that we could learn from China on climate change. Its stimulus package announced last November involved huge investment of $90 billion a year for two years in high-speed rail. The Maglev technology used there has been mentioned, whereas high-speed rail in the UK is lagging far behind, although it would provide a much lower carbon alternative to domestic flights.

The Copenhagen conference is only weeks away. I am pleased that the Prime Minister has decided to attend; it is right that world leaders at the very top should be meeting. I say to the Minister that failure is simply not

an option; the issue is far too important. We need to ensure that we get China, the world's biggest polluter, on board.

Some human rights issues have already been raised. China is contributing huge amounts of development aid to developing countries, but that is often being used as a way to buy influence. The aid is being used in exchange for access to energy resources. Energy security seems to be driving a huge amount of what the Chinese do. That has resulted in quite a few problems in the international sphere when China has failed to use its influence to prevent human rights abuses—for example, in Sudan. I hope that the Government will continue to pressure China to use the leverage that it has in Sudan to end the support for the militias that are causing such destruction and committing so many awful atrocities in Darfur. It is vital that China, which has huge economic power, also uses its increasing political power. That is why the Government's aim of encouraging China to define its interests more broadly, as outlined in the framework document, is absolutely right.

The hon. Member for North Wiltshire spoke about Tibet. I welcome the recent visit by the Minister of State, Foreign and Commonwealth Office, the hon. Member for Bury, South (Mr. Lewis), to Tibet and his article on *The Guardian* website about the general issue of human rights, including the assurance that

> "This human rights deficit features prominently in our dialogue with China."

It is important that while we recognise the economic and political power that China has, there remains a variety of issues on which its record is, from a civilised society's point of view, unacceptable. We need to ensure that we—delicately and with the required balance—continue to raise those issues and encourage China to move.

Mr. Gray: A point that I forgot to mention in my speech is that when the Government slipped through this place—incidentally, without any formal ministerial statement—a change in policy with regard to Tibet, saying that Tibet was now understood to be a fully integrated part of the People's Republic of China, some of us felt that the Government failed to use that sufficiently well as a lever to persuade the Chinese to address some of the human rights issues in Tibet. I hope that the recent visit by the Minister, who raised 19 individual human rights issues, is a portent of the Government taking a stronger line with the Chinese Government on human rights in the future.

Jo Swinson: The hon. Gentleman makes his point very well and I hope that the Minister will respond to those comments in his reply. I hope that that visit signals a renewed commitment to finding solutions to the many ongoing problems in Tibet.

I welcome the publication of the UK national strategy on relations with China. Clearly, it is vital that we build strong ties as China grows in influence politically and economically. In recent decades, Britain's influence on the world stage has declined from what it was in the often-cited glory days. The best way for us to make our influence felt will often be to work closely with our EU partners and to be a strong voice in the EU. The Under-Secretary will be well aware of that, particularly given his new role, on which I congratulate him. Obviously, we have many points of contention with Chinese domestic and foreign policy, but we are increasingly learning to co-operate with each other on a wide range of issues from the economy to climate change. I look forward very much to hearing the Minister's remarks.

11.50 am

Mr. Keith Simpson (Mid-Norfolk) (Con): Mr. Taylor, we normally tend to meet at the parliamentary breakfast club, so it is a great pleasure to serve under you. I warmly congratulate my hon. Friend the Member for Cities of London and Westminster (Mr. Field) on introducing this important debate. He spoke with a great deal of knowledge and he was very thoughtful. Although he rightly concentrated on the financial and business side—not least because of the constituency that he represents—he also ranged widely.

The debate is about the implications for UK policy of relations between China and the west, but colleagues have not mentioned the fact that there is no unified western approach towards China. That is hardly surprising because, despite our close relations with some EU colleagues, some Commonwealth countries and the United States of America, there are differences. There are political differences and there are differences because we compete with each other, often over economic relations.

As the debate was proceeding, I was reminded of my time as a fresh-faced undergraduate studying history 40-odd years ago. One special subject that we covered was China and the powers, and one of the books that we were invited to read was "The Arrow War" by a young, thrusting mandarin at the Foreign Office called Douglas Hurd. Listening to our tutors, I was conscious of the fact that we often had a very different world view from our Chinese friends, given our history and culture, as well as the influence of the Chinese Communist party. In meetings that I have been lucky enough to have with her excellency the Chinese ambassador, visiting Foreign Ministers from China and visiting party officials—this is not an exact analogy, and colleagues will say that I am trying to set up China in a certain way, but that is not what I intend—China has reminded me to an extent of pre-1914 Wilhelmine Germany. The Chinese are incredibly proud of what they have achieved, they are very conscious of their history and they are very conscious and fearful of chaos and disunity. Perhaps they overcompensate for that outlook, because many of their policies are based on it. My hon. Friend the Member for North Wiltshire (Mr. Gray) talked about military deployments towards Tibet, and a lot of China's foreign and defence policy is based not only on Wilhelmine-style bravura, but on deep angst—a fear of chaos and of the fact that China could break up. That is not an excuse for us to pull our punches when we disagree with China, but it is behind a lot of the bravura.

I agree with my hon. Friend the Member for Cities of London and Westminster that the Chinese have a long-term strategic plan—that is how they think about things. The long-term strategic plan is to get themselves into a position where they have economic, military and political leverage. That does not mean to say that they want to fight large numbers of wars—I do not think that they do. However, they do want to get into the position that the old powers—Britain, France, Germany and the United States of America—were in during the 18th and 19th centuries and for most of the 20th century, and we should recognise that. In fact, we should inform the

[Mr. Keith Simpson]

Chinese in our conversations with them that we know what they are about. They take a very hard-nosed and pragmatic view of finance, politics and military affairs.

I want to take up a point raised by the hon. Member for East Dunbartonshire (Jo Swinson), who speaks on behalf of the Liberal Democrats. When one talks to the Chinese, there is an innate contradiction in the fact that China is still a one-party state, although there are now elections in the Chinese Communist party, as the Chinese are fond of pointing out. As the hon. Lady said, however, China's population—particularly its younger population—is at the cutting edge of interest in technology, the internet and everything else. The Chinese authorities therefore face a major problem in squaring the circle between very limited democracy and political participation by the population, major problems with large ethnic minorities and education. The younger generation of leaders is aware of that, but they do not as yet know how to deal with the issue, and we might be able to give them some advice in our talks with them.

I forgot to congratulate the Minister on his new ministerial responsibilities. I have been a shadow Minister since 2005, and every time I blink there is a new Foreign Office Minister in front of me. Baroness Kinnock is now the new Lord Malloch-Brown, with responsibilities for Africa, but she will presumably also speak on Europe in the Lords. The Minister—like 007—will continue to deal with the rest of the world, although he will also speak more formally on Europe. However, we welcome him to the debate.

Let me touch briefly on a number of other issues. Conservative Members fully support my hon. Friend the Member for Cities of London and Westminster. We have major national strategic interests in having good, close relations with China, but we should not be afraid to tell the Chinese—forcefully at times—when we disagree with them, because the Chinese do that to us. At times, they seem to think that we should pull our punches, but there is an equivalence. We should not necessarily be rude or denigrate the Chinese, but there are times in formal discussions when they should be made aware of our views. They will perhaps realise that the more they are drawn into international organisations. That may happen as a result of China's membership of the G20 or of some of the contradictions that China will face as a member of the UN Security Council.

I want to touch briefly on four issues and four countries over which we have issues with the Chinese. The first, obviously, is Iran and nuclear proliferation. Iran is China's third-largest supplier of oil and it is crucial to China's economy. Earlier this year, China and Iran announced a $3.2 billion three-year natural gas deal. It is estimated that trade between the two countries rose from $400 million in 1994 to $29 billion in 2008. That means that relations between Iran and China are very close.

[Sir Nicholas Winterton *in the Chair*]

So far, the Chinese have been very reluctant to go along with any form of pressure or sanctions on Iran, but that is not to say that we do not need to continue to bring pressure and influence to bear on them. The Iranian regime might just listen—I put it no higher than that—to representations from China and Russia rather than to anything that we might say.

The second issue, which I shall merely mention, because the hon. Member for East Dunbartonshire has already discussed it, is the importance of China's role in climate change. Whenever we talk to Chinese Government representatives about climate change, their usual answer is that they do not wish to be lectured about it by the west. We have been climate polluters for 200 years, and the Chinese sometimes find what we say a little rich. As my hon. Friend the Member for Braintree (Mr. Newmark) said, however, we may have a lot to offer the Chinese in specific technological areas.

I will not touch on the global economic crisis, because my hon. Friend the Member for Cities of London and Westminster made some good points about it.

The final specific point that I want to make—once again, this is a sensitive area, but we should put the matter on record—is that there is no doubt that as part of a strategic plan the Chinese Government are only too happy, and would see it as perfectly legitimate, to involve themselves in what we would now call economic and military espionage. That is part and parcel of leverage. There is a vast amount of evidence for that, particularly in the United States of America. The Chinese Government or Chinese companies, either indirectly or directly, by investing in western companies, have been involved in knowledge transfers—what we should call illegal knowledge transfers. They are only too well aware, from having watched the wars in Iraq and Afghanistan, that the old kinds of military conflicts are not likely to be relevant in the future, and therefore the Chinese military is heavily into thinking about ways of countering the kinds of advantages that the United States military has in asymmetrical warfare.

The Chinese watch that very closely, and, indeed, only recently I read a translated volume by some Chinese military officers who wished to perfect a system in which if they were ever involved in a crisis involving other countries—the book did not spell out which countries—they would be able literally to close down a power's information technology. One thinks of that as the stuff of Hollywood blockbusters. I see the Minister frowning. I can just imagine him here in the 1930s, hearing about the idea that somehow or other mechanised units might go through the Ardennes. There would have been much tut-tutting from the Minister, saying that it was a physical impossibility. That is not a fantasy world at all. I believe that it is something into which the Chinese are putting vast investment. Once again, we should make it quite clear to them that we know what they are doing, and perhaps we should think about how we are to address it.

I want to touch on some specific countries, the first of which is Sri Lanka. In its war against the Tamils, Sri Lanka relied heavily on Chinese help—not only political but economic and military. China has a long-term interest in the development of Sri Lanka, and not least in acquiring a major naval base. In May 2009 China voted against a resolution by the UN Human Rights Council calling for an investigation into allegations of war crimes by both sides during the military conflict. Once again, that is an area in which we are in conflict with China. By "we" I mean, of course, the United States of America and most of our European allies as well. What discussions have the UK Government had with representatives of China about its support for the President of Sri Lanka? Have concerns about China's actions at the United

Nations been raised by UK officials? Given that the EU Commission will decide later this week—in fact in a few days, on 15 October—whether Sri Lanka can retain its generalised system of preferences plus trade concession, what assessment has been made of how effective that will be in persuading Sri Lanka to improve its record on human rights? Will Sri Lanka simply turn to countries such as China to support its textile industry?

Secondly, I want to mention Burma. China is Burma's largest trading partner, and the country's biggest source of foreign direct investment. China has repeatedly shielded Burma from action by the UN Security Council. How can China's deep financial ties with the ruling military junta, in the form of diplomatic support, trade links and the sale of military hardware, be harnessed to ensure stability and economic development in the country? Last month the US Secretary of State, Hillary Clinton, announced that the US would enter into dialogue with the Burmese junta and would effectively consult and seek the help of countries such as India and China as part of its new policy. Did the US Administration discuss the formulation of their new policy with officials from the Foreign and Commonwealth Office? In June 2007 China hosted low-profile talks in Beijing between representatives of the United States and Burma. What can be done to persuade China to continue to pursue similar initiatives?

The hon. Member for East Dunbartonshire touched on the issue of Sudan and Darfur. China, as we know, has very close relations with Sudan and has invested heavily in the area. Once again, it has provided direct military support, including jet fighters, to the Sudanese Government. Have the UK Government urged the Obama Administration to make Sudan a priority in their discussions with China, given the sheer humanitarian horror that is going on there? What assessment has been made of China's support for the implementation of the comprehensive peace agreement in Sudan? How closely are the special representatives from China and the UK working to ensure peace, stability and development in Sudan?

I have raised my questions not to try to trick the Minister—he is too good to be tricked, and he has some clever officials to provide him with briefing notes. I have raised them because we are directly involved in all those issues, which are raised time and again in Westminster Hall and the main Chamber of the House. Indeed, Mr. Speaker himself has taken a direct personal interest, particularly in Burma. It is right and proper that we should be seen to raise these questions, not in a hostile way, but so that, hopefully, the representatives of the Chinese embassy in London will see that they are being raised and are important to British parliamentarians. We do not see those questions as a way to destroy relations between China and the UK, but they are issues on which there is strong public feeling and opinion in the United States and western Europe.

I am grateful to my hon. Friend the Member for Cities of London and Westminster for raising this important debate. Our relations with China are very important. They should be frank and robust and British Governments, of whatever political party, and the Foreign Office and other Government Departments should attempt to have a long-term strategy towards China, just as China has a long-term strategy towards us.

Sir Nicholas Winterton (in the Chair): I am grateful to the hon. Gentleman for the succinctness of his remarks, which will give the Minister adequate time to reply.

12.7 pm

The Minister for Europe (Chris Bryant): It is a delight, as ever, to serve under your chairmanship, Sir Nicholas, although I disagree with you and think that it would have been rather nice if the hon. Member for Mid-Norfolk (Mr. Simpson) had spoken a little longer. It is always a delight to hear his pearls of wisdom, whether they are cast before swine or not.

I congratulate the hon. Member for Cities of London and Westminster (Mr. Field)—I would call him my hon. Friend, I think—on his comments and on securing the debate. It is very timely, and he did not so much take us on a tour d'horizon as give us a historical outlook. It was a succinct and prescient look at China's relations with the west. As the hon. Member for Mid-Norfolk just said, it is difficult to assess quite what one means in speaking of China's relations with the west, because the west is multifarious, but perhaps I shall come to those issues later.

I should apologise because I have something of a cold, which is the reason for the slightly odd sound of my voice. I am not sure whether it is a Peruvian cold, or a Venezuelan or Colombian one, but it came across the Atlantic with me last week. An anecdote may explain what I think our attitude should be in discussing this issue. I went to the theatre three or four years ago, and a couple there were having a ferocious row just in front of me. It ended with the woman turning to her husband and saying, "The worst of it is that you are so blasted patron-ising". He turned to her, kissed her on the forehead and said, "It's not 'patron-ising'; it's 'pat-ronising', my dear." That is a true story; he was a brave man. I would merely say that I sometimes think, in particular in the case of countries that are distant from us and whose cultural expectations and understandings are different from ours, it is all too easy to seem patronising. Even with countries in Latin America it is easy for British diplomacy to seem heavy-handed, aggressive or neo-colonial. Iran sometimes feels the same, and in China, the least effective form of diplomacy will be one that feels as if a heavy stick is being wielded, or that is in any sense patronising.

The comments made by the hon. Member for Cities of London and Westminster about the global financial crisis and the changing role of China are important. We must see China as an ally, rather than a distant country that somehow or other we have to subjugate in discussions. That is certainly true economically for the UK, because the economic opportunities are very dramatic. In 2008, trade between the UK and China was up by 16 per cent. Exports to China grew by 25 per cent. The UK Trade & Investment presence in China is our largest presence in any market—that is important and as it should be. We have set ourselves a trade target of $60 billion by 2010, and we will achieve that only if we are able to proceed on the basis of alliance, friendship and economic co-operation, rather than through a more high-handed approach.

The hon. Gentleman raised one issue—intellectual property rights—about which I disagree with him. Clearly, there are different cultural understandings about how

[Chris Bryant]

intellectual property should be looked at. Under the Napoleonic code, there is a different understanding of intellectual property rights compared with that found in British law. Through international organisations that are involved in intellectual property rights, we have managed to find a way of ensuring that those who develop ideas have a means of progressing to economic opportunity.

In the UK in the past we have been good at developing ideas but not so good at progressing them into the markets. That is one of the key points that Lord Mandelson has focused on and that we as a country need to focus on. I know that Adam Smith said that intellectual property rights should not really exist because copyright is a fake right, but I wholeheartedly disagree. I believe that those who have developed an image, an idea or a patent should have the security to develop it. Without that financial and economic opportunity, it is difficult to see how most people could secure the investment and the development of new ideas.

Nowhere is that more important than in health. The growing relationship between the UK and China on health issues is important on several different levels: first, in relation to intellectual property rights; secondly, in relation to dealing with some of the major illnesses that face the world, not least HIV/AIDS and tuberculosis, and also in terms of reaching development goals in other parts of the world.

The hon. Member for North Wiltshire (Mr. Gray), whom I consider a friend, having co-operated with him in the all-party group on the Army, referred to what he called "the fly in the ointment"—the issue of Tibet. On behalf of the Government, I would like to congratulate him, and the group that went to Tibet. It was an important part of British dialogue with China, which tried to enable China to understand better the concerns of people in this country and across the European Union. The European Union has tried to speak with a united voice on the issue, and by virtue of doing so, has been far more effective. I congratulate the hon. Gentleman, Lord Alton, Lord Steel and my hon. Friend the Member for Sittingbourne and Sheppey (Derek Wyatt).

The hon. Member for North Wiltshire mentioned the significant military presence in Tibet, and considered whether the suppression of pictures of the Dalai Lama made the situation worse. He wondered whether something similar to the Vatican City model would make more sense. He expressed incredulity about China's bothering to make the issue so important that it becomes a fly in the ointment, not only in its relationship with this country, but with many other countries around the world.

That sense of perplexity is shared by Ministers and the Government. The Minister of State, Foreign and Commonwealth Office, my hon. Friend the Member for Bury, South (Mr. Lewis), who is the Minister responsible for China, visited Tibet in that capacity to clear up the issue. He made many of the same points that were noted by the hon. Member for North Wiltshire and his friends when in Tibet, and he raised a series of issues to which I hope to return later.

The hon. Member for East Dunbartonshire (Jo Swinson) made several important points, and I am grateful to her for that. If she does not mind my saying so, I felt that she erred down a slightly Liberal Democrat line when she started comparing the case that is in *The Guardian* today—or not in it—with the repression of freedom of expression in China. I think that those who want to make a comparison between China and the "Chinese situation in the UK" are rather over-egging the pudding. *[Interruption.]* I see that she wants to over-egg her pudding even more, and I am happy to take an intervention.

Jo Swinson: I want to clarify my point. I was not saying that such matters happen here to the same extent as in China, but before we pass criticism on what happens elsewhere, as the Minister pointed out at the beginning of his speech, we need to look at our own situation and ensure that we deal with genuine problems in our country.

Chris Bryant: I think that freedom of expression is well advanced in this country. The significant difference is that the rule of law applies. I do not know anything about the individual case to which the hon. Lady refers. I tried to google it, and the Google that I use in this country has not been interfered with by the Government. In China, the Google search engine is rather different. I urge the hon. Lady not to be too Liberal Democrat about things in life—on the whole, it will make for a much easier and more sensible life. I think that I have carried the whole Chamber with me on that point.

The hon. Lady referred to reform of credit and debt in the UK and there was a bit of interplay about the responsibility of borrowers. My view is that we should already have stopped the use of credit card cheques, guaranteed loans and the rest of it, and I hope that we will move to do so soon.

On language skills, the Department for Children, Schools and Families has been conducting a major survey on teaching Chinese in schools in the UK, which is obviously very important. Currently, one in six secondary schools teach Mandarin, but only 1 per cent. of primary schools do so. The Foreign Office and the UK Government believe that Chinese needs to feature more prominently across the curriculum. Chinese history and geography should also be an important part of the curriculum if people are to have a full understanding of the world in which they are growing up.

A significant number of Chinese students come to the UK to study, and we are keen to foster that. In my responsibility for consular services, it is one of the areas where we need to do some work to ensure that the visa regime for those who come to study in the UK makes that possible, rather than impossible. That exchange of educational opportunities is important.

Mr. Mark Field: Let me reiterate the Minister's words. There are some concerns from several providers, and a slight danger is that in the debate about immigration, it is easy to hit on numbers. One of the easiest ways of reducing headline numbers of migrants is to stop the educational programmes to which the Minister refers. He is absolutely right. We need to foster strong connections between some of the brightest and best from China, India and elsewhere overseas, not least because of the long-term benefits that that will bring this country. Those young Chinese people will often go back to their country, build up businesses, and hopefully become great ambassadors for ongoing trade between our country

and China. That is the most important reason for ensuring as far as possible that the sort of work that the Minister is hopefully doing continues. We must make sure that our consular relations with regard to those student visas are as smooth as possible.

Chris Bryant: I could not make the point better than the hon. Gentleman. I would add only that the British Council has an important role to play—as does the World Service—in enhancing the reputation of Britain as a place in which to learn English and study other subjects.

The hon. Member for East Dunbartonshire referred to climate change, which I will discuss in a moment. In particular, she mentioned high-speed rail. When she next has an opportunity to speak to the hon. Member for Twickenham (Dr. Cable), who is the finance spokesman for the Liberal Democrats, I hope that she will reinforce the point that it is important to protect the electrification of the railway to Swansea, otherwise there would be an inconsistency of policy, and we would hate to see inconsistency in the Liberal Democrat position.

The hon. Lady and the hon. Member for Mid-Norfolk referred to relations with Sudan, which is obviously a vital issue. China should be playing a much more significant role in trying to bring about a peaceful resolution and a proper regard for human rights in Sudan. It has saddened us in recent years when China has used its veto in the UN Security Council not only in that regard but in relation to Burma and Zimbabwe. Human rights issues form a seamless garment. We cannot encourage human rights in one country and choose to ignore them in another just because we share a political outlook on other issues. Raising the issue of human rights is a key part of how we seek to progress British interests.

I think that my hearing is going because I thought that the hon. Member for Mid-Norfolk said that he was a fresh-faced undergraduate 14 years ago. *[Interruption.]* I just heard the Government Whip behind me cruelly say that it was more like 400 years ago. My eyesight is clearly as troubled as my chest. None the less, the hon. Gentleman made some interesting remarks about the respect for order and the fear of chaos and disunity that sometimes persist in Chinese cultural understandings. I suspect that the opening ceremony of the Olympics will be very different in the United Kingdom from the one that we saw last time, and that is entirely right and proper. We always need to protect those cultural differences.

The hon. Gentleman kindly welcomed me to my post and said that every time he blinks, there is a change of Minister. I am glad to guarantee him that I will remain in this post for the next six years.

The hon. Gentleman also referred to Iran and nuclear proliferation—I always find the word proliferation very difficult to say. He is absolutely right that China can play a vital role, especially over the next nine months, not only in relation to Iran but in trying to achieve a world with fewer nuclear weapons with safer fissile material and with a comprehensive test ban treaty. We were delighted with the role that China played following the second nuclear test that North Korea held. That showed that China has moved forward in the way in which it has chosen to play its role in the world. We hope that it will move in the same direction in relation to Iran—just as the Russians have in recent weeks.

The hon. Gentleman referred to illegal knowledge transfers as if that was a phrase that we all regularly use. It is not a phrase that I have used and it is not a concept that has ever, either legally or illegally, been transferred into my knowledge system. I take his point about economic and military espionage, and believe that that requires close consideration.

In relation to Sri Lanka, Burma and Sudan, it is vital that we maintain a strong and critical relationship with China to enable it to play a more significant role in standing up for human rights in areas where there are significant abuses. The way in which we take such a matter forward is sometimes misunderstood by the Chinese Government, but it is something from which we will not flinch.

The hon. Gentleman said that just as China has a long-term idea of where it wants to take its relationship with the west, it is important that we, too, have a long-term understanding. Earlier this year, I was delighted that the Government were able to produce a framework for engagement—that is the first time we have done that for any country—outlining how we see our relationship with China over the coming years. There are three pillars to the framework.

First, we must get the best for the UK from China's growth. The hon. Member for Cities of London and Westminster referred to the importance of financial services in China. It is vital that we ensure that the investment that has already happened continues and that China sees the City of London as a crucial place in which to conduct its financial business around the world. It is also vital that China should reduce both its tariff and non-tariff barriers on a whole range of different areas. Obviously its membership of the World Trade Organisation is a significant step forward and one on which we wish to build.

Mr. Mark Field: In that context, let me stress the importance that the City of London Corporation has placed in recent years on ensuring that it has lord mayors—the big ambassadors for the City—who have strong Chinese experience. I refer here to people such as Sir David Brewer, Sir John Stuttaford and Sir David Lewis, all of whom have worked in China or Hong Kong for significant parts of their career. The fact that China, Hong Kong and various other territories in the region will be very important players should be borne in mind when considering lord mayors in the future.

Chris Bryant: I am thinking of the hon. Gentleman's interventions on me as sub-paragraphs in my own speech because I entirely concur with everything that he is saying, which is all very depressing.

Let me add to the point about how we ensure that we get the most economic advantage for the UK out of China's growth. We will have a British pavilion in the World Expo in Shanghai, which will make a significant contribution to ensuring that the Chinese have a keen understanding of what constitutes modern Britain and of the economic opportunities that we afford. The design by Heatherwick is very innovative. It will be an exciting part of the landscape in Shanghai and is growing apace. I am grateful for the private sector support from AstraZeneca, Barclays, BP, Diageo and GKN.

[Chris Bryant]

The second pillar of our framework to ensure that China emerges as a responsible global player plays into many of the issues that hon. Members have raised. I am talking about China's support for the robust sanctions against North Korea following its second nuclear test, and its role in the "E3 plus 3" process in relation to Iran. As I said earlier, we regret the fact that in January 2007, it vetoed a resolution on Burma. Since then there have been significant developments in which China could have played a far greater role. I refer too to the position it took last July on Zimbabwe.

As for climate change, we have seen a significant move in recent days for which we are grateful. China has a national leading group on energy and climate change, which is chaired by the Chinese Premier, Wen. It has a national climate change programme dating from 2007, and in October the leading groups announced that China must incorporate addressing climate change and reducing the intensity of carbon dioxide emissions into national, economic and social development plans. China may be following such a policy for different reasons from our analysis of the need for a robust outcome in Copenhagen, but we will be working closely between now and Copenhagen to ensure that we reach a clear and robust agreement on the need to ensure that global temperatures do not rise 2° above the temperatures of 1990. Moreover, we must ensure that there is a global fund to help us protect the world around us. We also hope for an early conclusion of the Doha development round and we believe that China's membership of the WTO should enable that rather than prevent it.

Finally, the third pillar is about promoting sustainable development, modernisation and internal reform in China. Whether it is on the death penalty, human rights in Tibet or more generally in China, we believe that constructive engagement with China as an economic ally and friend can go forward only when there is a wholehearted embracing of proper human rights.

I am grateful to the hon. Member for Cities of London and Westminster for raising these issues today. If there are any further issues that I have not addressed, I will reply to hon. Members in writing.

Sir Nicholas Winterton (in the Chair): I am sure that the House is grateful to the Minister for his consensual response to this very important debate.

Agricultural Building Allowance

12.30 pm

Mr. Alistair Carmichael (Orkney and Shetland) (LD): As ever, Sir Nicholas, it is a very great pleasure to serve under your chairmanship today. It is also a great pleasure to have the opportunity to debate an issue that is important to many of my constituents—obviously, those working in agriculture in particular—and to the constituents of many other Members. It is perhaps not the sexiest issue. It is a matter of some technicality and detail, but for farming businesses, many of which operate on exceptionally tight margins, it is one of great significance and indeed one that raises some quite fundamental questions of basic fairness.

First, I should place on record my gratitude for the fairly comprehensive briefings that I have received from the National Farmers Union and NFU Scotland, and indeed from a number of my constituents who have spoken to me about the subject. I am also informed in my wider thinking by the fact that I am a farmer's son, born and brought up on a hill farm on [redacted] a time when we talk about a rising average age [redacted] farmers, which is germane to a matter that I will come on to later, I reflect that my own father is still hale and hearty at the age of 78, running a hill farm on Islay, assisted—indeed, encouraged—by my mother, who is 76. The remarkable thing about that is that it is not really in any way remarkable: my parents are by no means unusual for the age profile of those engaged in the more financially marginal agricultural activity.

On the agricultural building allowance, I have two main issues that I want to explore with the Minister today. The first is that the phasing out and eventual abolition of ABA brings with it a disincentive to invest in the type of investment that will be very important to the future sustainability of agriculture. Indeed, such investment is important not just to agriculture but to many rural communities, especially those in what are considered to be geographically remote or peripheral communities, because in many of those rural communities, if not most of them, agriculture lies at the very heart of the economy.

The second concern that I want to explore today is that the manner in which the Government are seeking to make the change is, in effect, retrospective. The Minister will no doubt explain why the Government have chosen to act in that way. I shall explore the question of retrospectivity, but the fact is that buildings were constructed by people making business and investment decisions with a legitimate expectation that ABA would be available to them over a 25-year period, but those people are now finding that the rug is being pulled out from underneath their feet. If the Minister were to say that the change would apply to buildings that are constructed from tomorrow, clearly the same arguments would not apply, but the fact is that many farmers have made business decisions based on what I term a legitimate expectation of the availability of ABA.

I was given a very good example of that situation at a constituency surgery by a constituent of mine from Shetland, about whom I have been in correspondence with the Minister. That constituent is Mr. Martin Burgess, who farms at Quendale. In 2000, he put up a new dairy unit—a building that obviously qualified for ABA—whose

construction he funded by some borrowing. Obviously, there is a cost attached to that borrowing, and that cost is not always predictable, as we know. A significant factor in the decision that he took was the availability of ABA. He has made a calculation about his dairy unit—it is worth considering that calculation about one dairy unit in the south end of Shetland—that over the remainder of the 25-year period that the building would otherwise have been eligible for ABA, he will be some £42,000 worse off. For an agricultural operation in Shetland, even if that sum is spread over that period of time it is still a significant and substantial loss.

I have some questions for the Minister. Does he not accept that my constituent had that legitimate expectation and what justification can there be now for removing the certainty that my constituent needs to make future business decisions? If Mr. Burgess were to anticipate making a further construction of that type in the future, what reliance can he have on the availability of any tax arrangements that the Government may choose to put in place?

I think that there is a fairly broad political consensus in this House and in the country that the agricultural industry should be encouraged to invest, to meet our increased food requirements and to achieve the improved environmental and animal welfare standards that we now ask of our farmers. I say that because the margins are exceptionally tight in all agriculture, but in communities such as mine, especially in Shetland where there are exceptionally challenging climate conditions and very often the land is of rather poor quality, the margins become even tighter than those that would be expected in other parts of the country.

In part of the correspondence that I have had with the Minister on this issue, he has referred to other tax changes being available and perhaps we will touch on them at the end of this debate, if time allows. However, I must say that for many of the farmers and crofters in my constituency the benefits of those tax changes are largely illusory, because they are not earning an income that allows them to benefit from the tax changes that the Minister will no doubt outline.

Of course, farmers, like everybody else, are dependent on the whims and notions of the banking sector. In the past year to 18 months, I have had a fairly steady stream of agricultural constituents beating a path to my door to explain the difficulties that they have had with the renewal of overdraft facilities or obtaining new borrowing, which would allow them to make the investment in their business and the changes to it that we as politicians are always encouraging them to make, so that they can improve environmental practice and animal welfare standards, market their product better and go for a higher-quality product that would be available to niche markets, and add value to the products that they already have.

ABA has been with us in one form or another since 1945. Given that context, what I called the "legitimate expectation" of my constituents and farmers in general that it would continue is, I think, fairly well founded. However, the changes to ABA also have to be seen as being part of a tax basket. There are other taxation changes that have had a significant impact on farmers, for example, the increase in fuel duty. Of course, for agricultural vehicles there is a reduced rate for so-called "red diesel", but not all of the vehicles that are owned and operated in relation to a farm are eligible for red diesel because some of them are used on the public road. Many farmers need larger vehicles such as pickups and 4x4s simply because of the terrain on which they work, but those are the very vehicles being clobbered, in the interests of dealing with their unsuitability for urban areas.

There are other, more technical issues. The treatment of rental income from land as unearned income, for example, has an impact. It means that farmers who rent out land are not eligible for many of the allowances that relate to income tax, capital gains tax and inheritance tax. I mention this because of the ageing profile of those engaged in farming, to return to my earlier point. The capital costs of entering agriculture are very high, so the obvious option for a lot of young people who want to enter farming is to lease land. The treatment of rental income from land as unearned income acts as a disincentive for those who own land to lease it out.

The picture that I am trying to paint for the Minister is one in which the decision on ABA is seen in its proper context. Although we as politicians and the Government in particular all say that we want to encourage growth and development in agriculture, it seems that just about everything else works to militate against it.

Some of the examples given to me by the NFU are stark, and I will take a few moments to share them with the House. The NFU offers the example of the UK poultry industry—an industry with which I have little acquaintance, as I have never had to work in it and it is not a large feature of our agriculture industry. The NFU says:

> "The UK poultry industry will need to continue to invest significantly in new or upgraded buildings: in order to improve efficiency; to increase the amount of meat produced in line with Freedom Foods criteria, for example, and other more stringent welfare standards; to increase the production of free-range eggs; and to meet the future requirement for caged laying hens to be re-housed."

That is the context in which poultry farmers operate. Those are exactly the changes that we politicians want them to make, but making those changes will require significant capital investment in agricultural buildings, which the Treasury now says it does not consider important. The NFU continues:

> "In the dairy industry, if a farmer puts a roof over a yard in order to separate clean and dirty water and so reduce the volume of slurry for storage",

as many farmers in nitrate vulnerable zones are required to do,

> "the cost will not be able to be relieved for tax purposes against the profits of the business."

There is also a fairly significant lack of appreciation in the Treasury of the nature of agricultural buildings and how they are used. The 2007 Budget report mentioned

> "ensuring all depreciating assets receive allowances at two clear rates: 20 per cent and 10 per cent. Assets that appreciate, such as land and buildings, will not receive depreciation allowances."

However, most of the assets that we are talking about when we discuss agricultural buildings have a fixed life span. Building a cattle court is not like building a house. Once built, a cattle court will depreciate over time. To equate the treatment of such buildings with other buildings and heritable property indicates a certain lack of understanding.

[Mr. Alistair Carmichael]

It has also been argued that tax relief can be given under depreciation of a building at the point when it is sold, but again, given the continuity that exists within the agricultural industry, the majority of agricultural buildings are not sold, so no relief is ever obtained. That was presumably the calculation made in 1945, when the allowance was introduced, and it is presumably the calculation made every year since then. What do the Minister and his officials think has changed to merit the change in the treatment of agricultural buildings?

I think that the changes will have a significant impact on many farmers, both those caught by retrospectivity and those planning future investment. The impact on the industry will be severe, and I cannot see the benefit for the Treasury and Her Majesty's Revenue and Customs. What increase in tax gains does the Minister anticipate as a result of the changes?

Finally, we must consider where the changes will leave us. It must be remembered that our farmers are part of a common market within the European Union. What will this do to our competitiveness with regard to other countries? The research that I have carried out indicates that in France, Spain, the Netherlands, Denmark and the Republic of Ireland, relief broadly similar to ABA already exists. It is worth bearing in mind that our main competitors in the pork industry, which relies the most obviously on large agricultural buildings, come from Denmark and the Netherlands. Their farmers will be getting advantages from tax allowances; why will not ours?

12.46 pm

The Financial Secretary to the Treasury (Mr. Stephen Timms): I congratulate the hon. Member for Orkney and Shetland (Mr. Carmichael) on securing the debate. He set out clearly for the House the depth of his and his family's commitment to the well-being of agriculture in the UK. It is good to hear about his parents' continuing commitment on their farm. I welcome this opportunity to explain the principles behind the business tax reforms of 2008, which included the phased withdrawal of agricultural buildings allowance, but first I will give a bit of background on the history of the allowance to put it in context.

The agricultural buildings allowance, together with the industrial buildings allowance, was introduced in 1945 as part of post-war reconstruction in order to rebuild key sectors of the British economy: industry, for production and employment, and agriculture, in particular, to feed the country after the damage of the second world war. The IBA replaced the old mills and factories allowance, and the ABA replaced a special and even older relief for agricultural landowners under the old income from property legislation. The system lasted until 1986, when it was replaced by the current system, which is now being phased out and will end in 2011. Relief is given at 4 per cent. a year and qualifying costs are written off for tax purposes over 25 years. The buildings that qualified included barns, cowsheds, stables, farmhouses and cottages.

The withdrawal of the agricultural buildings allowance was part of a wider business tax reform announced in 2007, recognising that the rationale behind its introduction no longer applied. The allowances had become a selective and outdated subsidy, as I hope I will be able to persuade the hon. Gentleman—at least, I will have a go. To take one example, the allowance created a beneficial tax treatment for farmhouses but not for commercial office space or science parks. That selectivity inevitably distorted commercial decisions in a way that was clearly unhelpful.

Mr. Carmichael: I am grateful to the Minister for giving way. He is always generous in engaging in debate. He has chosen a narrow aspect of the ABA in housing. The significant impact of the changes will be on agricultural buildings such as cattle courts, pig houses and hen houses. Before he compares agriculture to other businesses, does he accept that there are much tighter margins in agriculture than in most businesses?

Mr. Timms: The question is why it is sensible to subsidise one kind of building in rural areas. Why should we subsidise agricultural buildings rather than commercial buildings or science parks? We have done that in the past and the evidence is that it distorts investment decisions in a way that is not in the interests of rural areas or communities. There is no economic sense in providing a selective tax subsidy for some buildings but not for others. The majority of commercial buildings in rural areas did not and do not receive allowances. The existence of allowances has distorted property decisions by providing tax relief that is not available for other purposes.

The ABA has long been recognised as imposing a significant compliance burden because the system is complicated. It featured in responses to the corporation tax reform consultation of 2002-05 and in the administrative burdens advisory board's list of priority irritants in the tax system. To leave ABAs in place would have meant retaining that complexity for up to 25 years. There were therefore strong simplification arguments in favour of withdrawal.

It is important to consider the withdrawal of the allowance and the Government's treatment of the agriculture sector in the context of the other forms of tax relief and Government support that are available. The Government and the devolved Administrations provide a range of direct support for agriculture. For example, farming in Scotland receives about £500 million in support from the Scottish Executive every year. The single farm payment is worth over £400 million a year, the less favoured areas support scheme more than £60 million a year and the Scottish beef calf scheme about £20 million a year. In June, the Scottish Cabinet Secretary announced increases in less favoured areas support scheme payments for the "fragile" and "very fragile" land categories—which equate broadly to the highlands and islands—of 19 per cent. for 2009 and 38 per cent. from 2010. Over two years, that should deliver an additional £15 million to active farmers in those regions. More broadly, the Scotland rural development programme budget is more than £1.5 billion for 2008-13. Such support is more appropriate than the rather ill-targeted tax relief that the allowances provided.

Some tax reliefs still exist, such as lower duty on diesel, which the hon. Gentleman mentioned, the agricultural inheritance tax and capital gains tax reliefs, the special averaging entitlements for calculating taxable profits and loss relief.

Mr. Carmichael: I want to return to the Minister's point that the ABA is distorting decisions. The Government actions that I outlined, such as those on improving animal welfare standards and environmental standards, are also distorting decisions. We are forcing farmers into capital investment to make those changes. Surely that is the distortion that should be recognised in the tax system.

Mr. Timms: The measures that I have set out reflect those requirements and obligations.

The ABA forms only one element of the business tax treatment of agriculture. We must consider the rate of corporation tax and other capital allowances. A consideration of the overall business tax picture led the Government to announce a big package of reforms to business tax in Budget 2007. The ABA was only one plank of that. We set out the principles behind that package, the main features of which were a reduction in the main rate of corporation tax from 30 to 28 per cent., thus establishing the lowest corporation tax rate in the G7; enhancements to research and development tax credits; and a set of reforms to modernise and simplify the capital allowances system, including the abolition of ABAs and IBAs. That strong package of reforms is pro-growth and pro-investment. It has been estimated that it will add 0.2 percentage points per annum to investment above the trend rate and so strengthen the UK's global competitiveness.

We recognised in Budget 2007 that businesses would need time to plan for the changes to business tax. Therefore, IBAs and ABAs are being phased out not overnight, but over a four-year period. For each year from 2008, a business's entitlement to the allowances will be progressively reduced by one quarter. The allowances will ultimately be withdrawn in April 2011.

Mr. Carmichael: Can the Minister say how many farmers pay main rate corporation tax?

Mr. Timms: I am happy to check that figure, but I do not have it in front of me.

As part of the package, we introduced a new £50,000 annual investment allowance, which allows 95 per cent. of businesses to write off their expenditure on plant and machinery, other than cars, in the year in which it is made. Plant and machinery used on farms and in agricultural buildings will qualify for that allowance. It will provide a direct tax benefit to farmers for the tax year in which the money is spent.

To ensure that the agriculture sector is able to benefit from the full range of tax assistance that is available following the withdrawal of the ABA, Her Majesty's Revenue and Customs has engaged proactively to help the agriculture industry to maximise its claims to plant and machinery capital allowances, and to the £50,000 annual investment allowance in particular. Pig farming is particularly equipment intensive, so HMRC is working on specialised guidance for the pig industry to explain what allowances are due and what types of expenditure qualify. HMRC wants to engage with the agriculture industry to ensure that it can make the most of the new arrangements. The guidance has been received positively by the National Farmers Union, to which the hon. Gentleman paid tribute, and the National Pig Association. HMRC is awaiting wider feedback before considering whether to expand the initiative, possibly by giving additional guidance to the agriculture sector more generally.

That work and the package of spending and tax measures demonstrates the Government's continued support for the agriculture sector. That is further underlined by the new measures that were introduced in response to the downturn, such as increased funding for farm diversification, the development of micro-businesses, targeted support for the dairy sector and rural community broadband, which is of particular interest to me as the Minister responsible for Digital Britain.

The real benefit of the business tax reform package will be felt through its impact on business investment. It will benefit all sectors of the economy and increase the investment that will be important for economic recovery and long-term growth. This year, we introduced a first-year allowance that doubles the rate of tax relief on new business investment in plant and machinery, which will support about £50 billion of investment when the need for extra help is at its greatest. I commend the Government's reforms, such as the simplification of capital allowances—including the ABA and IBA—the reduction of the main rate of corporation tax to the lowest ever level and the introduction of the annual investment allowance, which will provide the platform to encourage investment in the UK this year and for the future.

Energy Production

1 pm

Mr. Ian Liddell-Grainger (Bridgwater) (Con): I am delighted to be serving under you yet again, Sir Nicholas. It seems slightly strange to go from farm building allowances to nuclear building. I am sure there is a synergy somewhere, but I cannot think what it is—perhaps we should have corporate breaks.

I am fortunate to have obtained this debate. The future of nuclear power is vital both to my constituency and to the whole of the United Kingdom. As a nation, it is no secret or surprise that we are running out of capacity to generate electricity. Our power plants are growing old and have to be replaced within the next seven years or the lights will start to go out—in other words, an urgent situation is looming.

My premise today is to try to urge the Government to hear that ticking clock and to recognise that we cannot afford any more delays and we must take action. In Bridgwater, nuclear power has been providing reliable electricity to the grid since 1970 through four reactors, two of which have been decommissioned at A station. B station, which has had a five-year extension, is now owned by EDF Energy. We know how well nuclear power works and, more important, how safe it is. We have a whole generation of local experts who are closely involved in the building and management of it and, as I said, the decommissioning of our first power station has taken place at Hinkley A.

Where I come from, there is an acute understanding of the technicalities. Bridgwater college is pioneering specialist training for the important task of decommissioning our ageing nuclear power stations. I would like to thank the Minister because, two days ago, we got the go-ahead to build the first nuclear academy in the United Kingdom at Bridgwater. I am grateful to Geoff Russell at the Learning and Skills Council, to the regional development agency and Harry Studholme, and, of course, to the principal of Bridgwater college, Fiona McMillan, and her team. That is fantastic news and I am sure that the Minister would agree that it is good for the country.

I shall ask the Minister for some advice and it would be delightful if we could get some straight answers. Some people say that one deals only with yokels in Somerset, but I would like to think that that is not true. The people of Bridgwater are listening and watching. They have a true attention to detail and a real knowledge of their subject. I am afraid the Minister cannot pull the wool over my constituents' eyes. They have been interested in this matter for too long, and in Somerset, fudge and waffle do not come on to our agenda.

Hinkley Point is far from invisible. I do not know if the Minister has had a chance to come and see it, but it sits like a concrete castle overlooking the Bristol channel and dominates the skyline in one of the loveliest parts of this country. Hinkley Point has always provided valuable employment, but it has also attracted and bred considerable expertise. Some of the people who planned the very first reactor and went on site in 1959 still live nearby. They have seen Hinkley B, which is still operational, do its job equally well, and they may live to see the dawn of the latest generation of reactors at Hinkley C and D. However, that will happen only if the Government push for that and support it.

The plan is to construct a pair of new power stations—pressurised water reactors, which are tried, tested and, more important, used all over the world—that are capable of pumping out enough electricity to satisfy 4 million customers in the United Kingdom. I make no bones about it—this is a big-scale operation. The biggest civil building programme in the south-west to date is Hinkley A and B. The biggest civil programme of building in the south-west in the future will be Hinkley C and D, which will provide 700 permanent jobs per station. Many thousands of other jobs will be created to build it. The overall impact on our local economy has, of course, been totally positive. I am absolutely delighted to say that it has been good for us and will continue to be good for us.

The programme demands painstaking research, costly studies and a huge amount of essential consultation, so that everyone involved knows exactly what is involved and how to get it right. I suspect that if Her Majesty's Government—I do not mean just this Government, but any Government—were solely responsible for doing it, the idea would never have got off the drawing board. However, as the Minister knows full well, the nuclear industry in this country goes about its task with enormous efficiency and, of course, attention to detail. Important geological surveys are going on right now, EDF is on site, there are holes everywhere and it is pushing for the information it needs to be able to submit an application.

The latest phase of consultation—the second round—involves public meetings in village halls and begins today. The company seeking to build Hinkley C is EDF Energy, which is France's No. 1 power firm. It has already secured the land it needs and has spent months—actually, it seems more like years—discussing the small print with everyone. EDF has sent an absolutely fascinating detailed breakdown of what it wants to do at Hinkley. I will give it to the Minister at the end of the debate, because I cannot deal with it all in only a quarter of an hour.

There have been two other phases of public consultation. British Energy used to run both Hinkley A and B. Subsequently, it ran only Hinkley B, which has been taken over by EDF Energy, as the Minister is fully aware. It spent months asking for opinions about the matter and when EDF bought British Energy out, it began consultations of its own, which is absolutely right and proper—there are no problems with that. Schemes of such importance should never be pushed through on the quiet. No one would put up with that—I would not do so as an MP and neither do I expect my constituents to.

The consultation is far from over. Some 37 miles of cabling are required to get the electricity out of the new power station and on to the grid, so we need new pylons. The consultation is ongoing in relation to where those pylons should go. Unfortunately, the existing system, on which the National Grid has opened the consultation, must have new heavy-duty power lines that will go up to Avonmouth through a new switch system just outside Bridgwater. The patient work of seeking views is being undertaken by the National Grid and is ongoing. I am delighted to say that the local authorities most affected by the prospect of the new

station are being kept fully informed by both the Government and EDF. In fact, so much information is out there, even a hermit crab could not get away with not hearing about what is going on.

So, what is the next step? This is where the debate might become awkward. Everybody accepts that it would be unfair to leave big planning decisions such as this to a local council. Somerset is the smallest district council in the United Kingdom and it knows that it could not cope—we accept that. We have a tripartite system between Sedgemoor district council, Somerset district and Somerset county council to ensure not only that we keep the Government informed, but that they keep us informed. We do have talented planners in our town halls, but the issues surrounding the building of a nuclear power station go much wider. Of course, Hinkley C raises local issues—for example, we need our councils to ensure that new roads are planned carefully. We desperately need a new road to bypass Bridgwater and that is one of the subjects on which EDF is in discussion.

Hinkley C is, of course, a national issue. The old planning system allowing major projects such as motorways and airport expansion to be considered by public inquiries has gone. On the face of it, that system seemed the fairest way to deal with such schemes as it gave everyone a say in front of a learned judge or appointee, who would then compile a report and leave the final yes or no to the Minister. The big downside to that way of doing things was time. Public inquiries too often became rambling and rowdy debates. The precise details could not be dealt with because so many activists wanted to argue the moral theories first. That is why years were wasted on the rights and wrongs of aviation, rather than the exact plans to expand Heathrow—and that is just one example. Such a situation is like a hijack—people think such inquiries will settle a planning question, but they end up being involved with a woolly argument that drags on for years and solves nothing. Of course, the only real winners in such a situation are the lawyers.

From bitter experience, I know a lot about the subject of planning. For my sins, I sat on the Parliamentary Committee set up to examine Crossrail, and I still bear the scars. It was an immensely controversial subject involving vast numbers of witnesses—or stakeholders as they are now called—and we were obliged to call them all. Some of the stakeholders wanted to waste time by bleating on about literally anything, including one lady who was worried about helicopter noises in tunnels. We listened and we heard, but we were still not sure of the arguments. That went on for two and a half years. It was very worrying that most of those people—and I do mean most—lived nowhere near the tunnels and would not have been affected by the proposed development at all, but felt that they had to have a say. My Committee colleagues were sorely tempted to drive stakes through the hearts of some of those people. However, that process did show that we had the ability to do the work by having a narrow remit, and we were not expected to come up with anything other than a yea or nay. It was not a big deal, but it was a lot more efficient than subjecting the whole thing to a public inquiry.

I understand why the Government want to alter the existing planning rules—I make no bones about that—but what they are introducing is not right. The idea is that huge projects such as Hinkley C will be placed before a brand new quango called the IPC, but this is too important to get wrong, and the Minister knows that. Eyes are beginning to glaze over, but let me assure people that the IPC is not to be confused with the IPCC—the Independent Police Complaints Commission—and neither is it to do with the International Publishing Corporation, the International Paralympic Committee, the international primary curriculum or international patent classifications. Those all have the same initials, and I am afraid that we have them here too. I suppose that Her Majesty's Government is overusing those initials to create a quango that can be hidden among others.

In this case, the brand new IPC, which has been operational only since the start of October, stands for—it is quite a mouthful, and quite a job—the Infrastructure Planning Commission. The new system is meant to work in this way: a planning application for a new nuclear power station would have to be submitted to the IPC—I hope that the Minister will correct me if I am wrong—and applicants would be expected to demonstrate that they had consulted the community properly in advance. The IPC would then consult local authorities and other organisations before making a decision, which would take into account the Government's national policy statement on nuclear power.

That all sounds clear and simple—I hope that everyone agrees—but one crucial aspect is missing. Imagine building a nuclear power station and forgetting to order the uranium, Sir Nicholas. You see, there is not yet a national policy statement on nuclear power. It does not exist; it has not been made. It cannot be nailed to a perch, or push up daisies, let alone go "Pretty Polly". It is far less use than a dead parrot. It might be a good idea to have a national policy statement on nuclear power and a national policy statement on wind or wave power—and perhaps one on solar power too; I do not know—but the Government have not got around to making any national policy statements on these issues or anything else. As things stand, if EDF Energy submitted an application to the new IPC, the IPC would be quite unable to reach an effective decision.

I would not insult the Minister by trying to teach him to suck eggs, but I hope that he will not mind me reminding him just how expensive it is to build a nuclear power station. It will not come as any surprise to hear that it costs billions. EDF wants to build four such power stations in the UK, and it has already spent millions on planning and consultation, but it does not have a bottomless pit of money; nobody does. A few days ago, EDF said that it was considering selling its UK electricity distribution network to reduce £36 billion of debt. It is also looking for investors to take a 20 per cent. stake in its UK nuclear business. Two German companies are also in line to build a pair of nuclear power stations in the UK, but the word is that they are becoming impatient with the indecision of the Government and this country.

The Minister will know, as will you, Sir Nicholas, that delay costs money, and we are painfully aware of the rising price of energy. Indeed, Ofgem—another quango—estimates that the price of power could almost double in order to pay for the investment in nuclear and renewables. That is a bitter price to pay for not making up our minds in time. It takes seven years to build a power station. Hinkley B is due to end its productive life in 2016 unless it gets another five-year extension. Even if the Government were to give Hinkley C the go-ahead

[Mr. Ian Liddell-Grainger]

now, it would not be ready in time to replace the reactors that are going. I am afraid that the process of producing a national policy statement on nuclear power has "delay" written all over it.

The Government are bending over backwards to allow everybody a say—that is agreed—but the nation cannot afford a system that moves like a snail. The national policy statement has to be simpler. It is a device to stop people arguing about the merits of nuclear power. It needs to state: "We think nuclear power is clean, safe and obviously the way forward," but we are still waiting. Only in the planning, and when the Government have nailed their colours to the mast, can we really start to tackle the applications. In the meantime Sir Michael Pitt, the chairman of the IPC, is picking up £234,000 a year—more than double what the Prime Minister gets.

I am not convinced that, even when the national policy statement eventually comes along, the IPC will be able to sanction new power stations without a series of battles and still more delay. It could easily get bogged down in legal challenges from judicial reviews in the High Court to a challenge—I should like the Minister to clarify this—in the European Court of Justice. That is partly because the IPC is an untried quango and because its decisions do not have to be ratified by this place or by Members. I believe—dare I say it, given that I do not want delays?—that that is wholly wrong.

I endorse the determination of my party to try to sort out the IPC, and I urge the Government to consider the issue as well. We are not going to hang on to national policy statements, but we are committed to putting the decision-making power back where it belongs. Public inquiries are good, but they are not the whole answer. Accountable decisions must be made quickly and fairly. My message today on the national policy statement is very straightforward: let us get going and let us sort this out. Let us make sure that we get the statement and that the building of Hinkley C and D can be undertaken as soon as possible.

Sir Nicholas Winterton (in the Chair): I call the Minister to reply to the debate. I think that I speak on behalf of all colleagues present in congratulating him on his much-merited promotion.

1.16 pm

The Parliamentary Under-Secretary of State for Energy and Climate Change (Mr. David Kidney): Thank you, Sir Nicholas, for those kind words. It is a pleasure to see you in the Chair for this important debate. I congratulate the hon. Member for Bridgwater (Mr. Liddell-Grainger) on securing the debate. His clear enthusiasm for, and expertise and knowledge of, his subject is apparent; he is clearly keen to see progress on nuclear power. I take his lectures on how we must hurry up and speed along. It was not so long ago that his party's policy on nuclear power was to put off any decision and to make it a last resort, so I suggest that the right party is in power to take the decisions with which he would agree.

I hope that the hon. Gentleman will not mind my saying that the Government's policy is a little broader than simply focusing on nuclear, but of course I shall deal in some detail with his remarks on nuclear. We recognise the importance of having secure, reliable and affordable energy supplies for the UK. Alongside that challenge, we also face the challenge of tackling what could be cataclysmic climate change. It is important to us to have secure energy supplies and a just transition to a low-carbon future in which all our citizens have access to affordable energy sources.

Our strategy on ensuring a low-carbon Britain for the future is to encourage greater effort on energy efficiency. After all, what better way to reduce emissions than to reduce our consumption of energy? Reducing our need for energy would clearly support our desire for security of supply, and for those who have difficulty paying their bills, the more they can reduce those bills, the better. Alongside energy efficiency, there will be the trinity of more renewable energy, low-carbon nuclear and clean fossil fuels such as gas and coal.

If the hon. Gentleman does not mind, I should like to say a little about renewable energy and clean fossil fuels, although I will concentrate most of my remarks on nuclear power, as he has asked me to. Alongside the low-carbon transition plan that we published in July, we published strategies for low-carbon industry and transport and launched the UK's renewable energy strategy. We are aiming for an ambitious sevenfold increase in the amount of energy in this country that is provided by renewable sources by 2020, compared with 2008. That will be the largest proportional increase in Europe and is therefore very ambitious, but we are fully committed to meeting that target.

Such an increase could provide about £100 billion-worth of investment opportunities and up to 500,000 jobs in the renewable energy sector. This year's Budget announced £405 million to support the development of world-leading low-carbon energy and advanced green manufacturing in the UK, and we are starting to see progress already. The data from September 2009 show that on top of the 7 GW-worth of renewable electricity generation that is already in operation—to put that into context, all the onshore and offshore wind energy that was produced in this country last year provided power for 2 million UK homes—a further 2 GW-worth is under construction, another 9 GW-worth has planning permission and is awaiting construction, and more than 10 GW-worth more is going through the planning process. Those will all be connected to either the transmission or the distributed networks. The strategy relates not only to big electricity projects: over the summer we have been consulting on plans to introduce more support for small-scale electricity generation, which will provide financial rewards for people setting up renewable energy sources for their houses, businesses or community projects.

The hon. Gentleman passed by renewables, so I will leave out some comments that I would have liked to make about our support for research on the whole range of renewable energy sources, but I would not like him to think that our minds are closed to technologies for harnessing wave and tidal energy, hydrogen fuel cells or bioenergy. For the purpose of this debate, I will pass by those, but I remind him that, for the feed-in tariff for electricity support next year, we will be consulting towards the end of this year on a renewable heat incentive. That will be a big drive in the promotion of heat from renewable sources and for bioenergy and combined heat and power, and we hope to introduce that in April 2011.

I turn now to nuclear energy. Renewables alone will not meet our energy needs. Nuclear power is certainly a low-carbon, secure and reliable source of electricity generation, and our recent low-carbon transition plan outlines how nuclear power, alongside renewables and clean fossil fuels, has a crucial role to play in the UK's future energy supply. The Government remain absolutely committed to our policy on nuclear new build and want to achieve a nuclear market that is considered one of the best in the world for nuclear investment and for companies working in our nuclear supply chain. In our recent transition plan we stated how nuclear energy, alongside a tenfold increase in renewables and clean coal, has a crucial role to play in achieving a low-carbon future to secure our energy supplies, and we are doing everything we can to facilitate new build of the type the hon. Gentleman is calling for.

The increasing politicisation of energy supplies is creating global economic uncertainty, so ensuring that we have a diverse energy mix is important to both price stability and energy security. As we set out in the nuclear White Paper, the Office for Nuclear Development is taking the necessary steps to establish the right policy framework and create the right conditions in the UK for investment in new nuclear power stations. The office will act to enable investment in the UK from the earliest possible date, with no cap on the amount of new build.

To follow through on those commitments, we are about to publish the national policy statement that the hon. Gentleman is so impatient to see—I have seen the drafts of the document and can assure him that it will be with us shortly. That is a key plank in the new planning system and will be available for consultation shortly and, crucially, for parliamentary approval later. We have legislated to ensure that developers put money aside from day one for the eventual clean-up of new build and we are working to implement Dr. Tim Stone's recommendations on the nuclear regulatory environment.

All those steps are working. Energy companies have recently invested almost £13 billion, and EDF, as the hon. Gentleman mentioned, has invested by buying British Energy and the Nuclear Decommissioning Authority's sites for £387 million. All that investment shows the market's confidence in what is about to happen in this country. Taken together, the nuclear industry has so far announced plans for more than 12 GW of nuclear energy in the UK, which is more than currently exists. Our operators continue to estimate that electricity could be generated from new build by the end of 2017 or the beginning of 2018. Crucially, that time scale depends on every element being in place, not least the investment, but also the appropriate planning framework.

The hon. Gentleman has been critical in his remarks on the new Infrastructure Planning Commission, but I think that he is misguided to be so critical of a key plank in the system that will give investors the confidence to plan to build new plant in this country by the end of 2017. It is crucial that we get the planning environment right for those decisions. Our job is to work hard to create the right conditions for that investment, so we are well under way in taking steps to make new nuclear power stations a reality. We will publish the draft nuclear national policy statement for consultation. We have legislated to ensure developers put money aside from day one and are working to implement the recommendations Dr. Tim Stone made in his nuclear regulatory review. With my noble Friend and ministerial colleague, Lord Hunt of King's Heath, we are looking at the proposed legislative restructuring of the regulatory framework. Those efforts are what will encourage investors to make those important decisions.

There are, after all, massive economic opportunities to be seized in this nuclear renaissance. The supply chain and skills base required to support a new build programme offers considerable opportunities for UK businesses and workers. The Government are working closely with the industry to raise awareness of those opportunities and to encourage investment. An expansion of nuclear energy in the UK will require thousands of people working in the sector. The challenge for the Government and the industry is to ensure that we have enough people with the right skills to build and operate new nuclear power stations.

As the hon. Gentleman was kind enough to give us credit for, we are working closely with Cogent, the sector skills council, with the National Skills Academy for Nuclear and with the industry to ensure that we have a clear and jointly shared understanding of the key skills priorities for the nuclear sector and how skills demand can be met. I have been following the progress of the proposal for an energy college in the hon. Gentleman's constituency, which I am delighted to hear him report has now come to fruition. I wish that project well, because it is vital for the future skills training of the enterprise. Bridgwater college in his constituency is playing its part as one of the most successful further education colleges in the country. It is an associate member of the National Skills Academy for Nuclear and, in association with the university of Central Lancashire, offers a very positive foundation degree course in nuclear decommissioning, which is a good step forward for the future of the sector.

On a similar point—I wondered whether the hon. Gentleman would mention this, as he has certainly been a great advocate of the relationship between local authorities and EDF in getting planning right at local level—I am advised that EDF and the local authorities have now signed a planning performance agreement in relation to EDF's potential planning application for a nominated site at Hinkley Point. That will help to ensure that both sides are clear on the advice and support required from a local authority and on when it will be delivered. That agreement does not pre-empt the decision by the IPC or the Government's consultation on the nuclear policy statement. I hope that that reassures him on the points he raised.

I want to mention the role of coal. Neither wind nor nuclear, or even the two together, can provide the flexibility required to handle fluctuating energy demand, so coal will continue to play an important part in the energy mix. Keeping coal-fired generation helps the Government to deliver secure, reliable and affordable energy to homes and industry. Coal, like gas, is more flexible than nuclear energy and so can react quickly to changing demand, such as when other generating sources fail. Coal-fired power stations supply a third of our electricity over an average year, and that is in addition to coal's role in providing energy for the manufacture of steel, chemicals, cement and for other industries. Nearly a third of the coal used for generation in the UK is locally produced, and UK coal producers believe that they can maintain

[Mr. David Kidney]

production at that level for the foreseeable future. It is therefore very important that we are able to retain that flexibility for the future, and that means a clear role for coal, with carbon capture and storage in our future electricity mix.

Our strategy for moving towards the deployment of carbon capture and storage needs to bring together energy security and our climate change objectives, so we consulted on a framework for clean coal, which closed on 9 September. Under consideration are proposals to support up to four CCS demonstration projects in the UK and a requirement that any new coal-fired power station must demonstrate CCS on a substantial proportion of its capacity and retrofit 100 per cent. of capacity when the technology is proven. Taken together, the Government's proposals for coal amount to the most environmentally ambitious of any country in the world.

The Government are committed to a market framework, regulated by Ofgem, that ensures that there is a good deal for consumers through a competitive market and that the significant investment needed across our whole energy infrastructure over the coming years is delivered.

Sir Nicholas Winterton (in the Chair): I am grateful to the Minister for bringing his reply to an end.

We move on to the last Westminster Hall debate today, which is initiated by the right hon. Member for Makerfield (Mr. McCartney). When I came into this House, I was honoured to serve alongside his father, who was a respected Member of this House.

Christopher Traynor

1.30 pm

Mr. Ian McCartney (Makerfield) (Lab): Thank you, Sir Nicholas, for remembering my father. I did not realise that you were so old. *[Interruption.]* How to win friends and influence people.

A few days ago it was the 10th anniversary of the death of my beloved only son, Hugh. Sadly, a few months later, a mother who I did not know at the time lost her son, Christopher. Christopher and Hugh had some things in common. They were both 23 when they died, both had suffered mental stress and drug addiction problems, both were born in the last quarter of the 20th century and should have lived on to have a full and fulfilling life in the 21st century. Sadly and tragically, their fates were sealed in lonely bedsit flats away from families who loved them dearly and continue to do so today.

But the similarities end there. Hugh died in Glasgow, where his death was properly and thoroughly investigated and he and his family were treated with dignity and respect. Christopher died in Paris, France, where the investigation was scant and his body and family were treated with utter disrespect.

In the next 15 to 20 minutes, my parliamentary colleagues and I will set out a harrowing tale of an unexplained death in mysterious circumstances, and unanswered questions. Christopher's mother, Winnie, has campaigned courageously for nine years. She has refused to give up fighting to get to the truth of the circumstances of her beloved child's death, and has sought truth and justice for him. It is the last thing that a parent can do for their child. Winnie and her daughters Karen and Sharon are here with us today.

How could officials in France, including the police and others, who could be parents themselves, treat Christopher as if he was worthless and of no consequence? How could whatever happened to end his short life be of no interest to them? Christopher's death was a terrible tragedy, but what makes it so unbearable and unacceptable to Winnie is the tale of truth and justice denied by a system so insensitive that it could not even repatriate his remains with dignity and understanding. Instead, without permission, his body was probably used as a cadaver by medical authorities. It took his mother and family years to trace his withheld organs, including his brain and heart.

There was no serious police inquiry. It took just 55 minutes to investigate what could have been a murder and, in any event, was clearly a suspicious death. There was no interview of key French eye-witnesses, nor were witnesses traced or interviewed, with or without a French police caution.

The French said that the cause of death was alcohol poisoning, but the British say that it was not. Indeed, they said that Christopher would have passed a drink driving test in Britain. Then it was said that the cause of death could have been neglect, or pneumonia, but the French eye-witness, Alain Nesmon, said that it was murder and that he was there. Christopher's courageous and loving mother, Winnie, and his brothers and sisters want the truth, which they believe lies with Alain Nesmon.

Nine years on, Winnie simply wants the British Government to persuade their French counterparts seriously to investigate this tragic death, and finally to test the allegation made by the eye-witness that her son was murdered. She needs answers before that key witness dies of the cancer from which he is suffering.

But it is not only the family who are on Christopher's side in terms of securing justice and finding the simple truth behind his tragic death. The South Sefton coroner, Christopher Sumner, wrote a private letter to the Foreign Office in December 2003 in which he was scathing. He stated:

"I consider that the police investigation was cursory in the extreme. It gave the impression, rightly or wrongly, that the deceased, being a squatter, was of little significance."

He then gets tougher:

"No forensic evidence appears to have been gathered. Little was done of an investigative nature."

In another letter, the coroner went even further. He simply does not believe that Christopher could have died from alcohol poisoning. On 10 September 2004, he wrote:

"The post mortem conclusion refers to acute alcoholic poisoning with the 'abundant ingestion of beer likely'. Such a conclusion is not borne out by the evidence."

He states that the pathologists' conclusions are based on

"assumption rather than hard fact."

There are two even more shocking revelations. First, the coroner confirmed that the French police inquiry lasted just 55 minutes. Even more disturbing, he revealed evidence that Christopher's body may have been found at 0500 hours, and that it took the police six hours to arrive at the scene. The coroner also revealed that Alain Nesmon was never questioned by the police despite the fact, which he was able to ascertain, that it was Nesmon who removed all of Christopher's personal possessions, leaving only his birth certificate on his lifeless body.

In this short debate, to which other colleagues wish to make a contribution, it would be impossible to go into every aspect of the case or the role of the Foreign and Commonwealth Office. In advance of the debate, I wrote to the Foreign Secretary on 3 August and submitted to him a confidential background paper setting out all of the investigation painstakingly carried out by former "World in Action" investigator and award-winning broadcaster, Rob McLoughlin, the man who tracked down and interviewed Alain Nesmon not once but twice. On 18 August, I wrote again to the Foreign Secretary, having spoken to his officials. I asked him to instruct Sir Peter Westmacott, our ambassador in France, to start immediate discussions with the French authorities to ask them to order an urgent inquiry to open up and properly investigate the death of Christopher Traynor.

My notes on behalf of the family and my parliamentary colleagues run to 32 points of investigation or comment on the suspicious circumstances. I ask the Minister to respond to the report that I submitted to the Foreign Secretary and to advise of the outcome of the Foreign Office's discussions with the French authorities. Secondly, would he agree to meet Winnie Traynor and her family, and my hon. Friends and me, to discuss in more detail the issues around Christopher's death and the role of the Foreign Office, past, present and future, in this case?

In life, Christopher Traynor had no advantages. He was at times estranged from a family who wanted to shield him from brutal abuse outside the home but could not prevent him from running away from it and towards dark and dangerous substances that would isolate him from the people who loved him most. He pretended to himself and the world that he could cope, but his private letters portray another and more honest image. This was a barely literate young man trying to escape from a world which had hurt him and which he could neither cope with nor understand. Authority figures in England had damaged him and he would never hold trust in them again.

Christopher's death may have seemed to others to be inevitable. He was clearly ill: he was carrying the symptoms of pneumonia, which probably needed basic treatment, but were they enough to kill him? Can we be sure that that was the case? He was moving in a shadowy and dangerous world where some in authority believe that life is cheap. He was attracting attention and befriending people who may have had little regard for him as they fought their own battles to survive.

Christopher may have been killed by neglect, but it could have been something far more sinister. His mother has to know the answer. In that Paris squat, he had no advantages and no one to help him. His mother wants to change that in death. While there is time—limited time—she wants the authorities on both sides of the English channel finally to allow him to rest in peace. She wants them to do one simple thing: discover what Alain Nesmon knows and test it by a proper and thorough police investigation in co-operation with the South Sefton coroner and Merseyside police.

Sir Nicholas, this is a harrowing tale. With your permission, may my hon. Friend the Member for Bootle (Mr. Benton) participate in this short debate?

Sir Nicholas Winterton (in the Chair): I am perfectly agreeable that the hon. Member for Bootle should contribute to this debate, as the initiator has indicated that he has his permission to do so.

1.39 pm

Mr. Joe Benton (Bootle) (Lab): Thank you, Sir Nicholas. I support everything that my right hon. Friend the Member for Makerfield (Mr. McCartney) said.

It has been a privilege, although that might sound like a strange word to use, for myself and Ann McCartney, a member of my staff, to be associated with the Traynor family, because they purvey a great sense of dignity in the light of all those harrowing circumstances that my right hon. Friend has described. Most of the issues and unanswered questions, which are too numerous to enumerate, have been mentioned, but there are still a lot more questions about this tragic death that need to be answered.

In supporting my right hon. Friend, I, too, urge my hon. Friend the Minister to speak to us and give us an opportunity to elaborate a bit more on the combined knowledge that we all have and to set up an inquiry, because the circumstances are horrifying. I have been in public life now for some 45 years and I find it difficult to think of a more poignant, tragic case than this, which the family has borne with great dignity.

It might be a mixture of spiritual and human factors, but one of the tragedies about death is always that it is a good thing to grieve. We often derive our comfort from

[Mr. Joe Benton]

grief in these circumstances. I do not need to tell hon. and right hon. Members that the more tragic the circumstances of a death, the more necessary it is to grieve properly and with dignity. Winnie Traynor and her family have not had that opportunity. I am making a plea today on their behalf, because Parliament, the Foreign Office and my hon. Friend the Minister have it in their power to move things on a bit, to coin a phrase. All we are seeking, at the end of the day, is the truth. We want the truth.

My right hon. Friend mentioned the coroner's report, which is a key factor. The first responses that we had from the coroner early on were not too helpful, but it has all changed now and the dawn—the realisation of truth—is coming through and permeating. I want us, as a Government, to take this opportunity to get the full facts revealed to allow the Traynor family to grieve with dignity and with some notion of peace.

1.43 pm

The Minister for Europe (Chris Bryant): Sir Nicholas, I am delighted to sit under your chairmanship again today. I pay tribute not only to my right hon. Friend the Member for Makerfield (Mr. McCartney) and my hon. Friend the Member for Bootle (Mr. Benton), but to all those who have kept this case alive in Parliament and the media in an attempt to try to get justice for the family. I am particularly grateful to my hon. Friends the Members for Walthamstow (Mr. Gerrard) and for Liverpool, Walton (Mr. Kilfoyle) and to my right hon. Friend the Member for St. Helens, South (Mr. Woodward).

I pay tribute, too, as my right hon. Friend the Member for Makerfield did, to the family of Christopher Traynor. This was a tragic set of circumstances and a tragic culmination to a tragic period in his life. I wholeheartedly pay tribute to the work that his family has done. All those who work in the Foreign Office, including consular staff, fully understand the personal commitment that individuals have made to try to ensure that they get a full understanding of exactly what happened. I think that everybody in the consular service in the Foreign and Commonwealth Office accepts that questions remain unanswered on this issue. There is clearly a sharp distinction between what the French and British coroners said. There is a sharp distinction between what the police and prosecuting authorities in France and those in the United Kingdom consider to be the case. There are inconsistencies.

Mr. George Howarth (Knowsley, North and Sefton, East) (Lab): I welcome the Minister to his new, enhanced responsibilities in the FCO.

Although I am not making any comparisons between the two cases—they are entirely different—in the Michael Shields case the investigations that Merseyside police were able to carry out were crucial in enabling our right hon. Friend the Secretary of State for Justice to decide that there was sufficient new evidence to release him. But as my right hon. Friend the Member for Makerfield (Mr. McCartney) and my hon. Friend the Member for Bootle (Mr. Benton) have said, there is no co-operation forthcoming from the French police to Merseyside police. Will my hon. Friend the Minister encourage the French to co-operate fully with Merseyside police to see what help they can give in this situation?

Chris Bryant: I am not able to comment on the other case that my hon. Friend raised.

Incidentally, my right hon. Friend asked whether I would be happy to meet the family, Ministers and other hon. Members, and of course I am more than happy to do so, not least because there is probably further work that we can do to advance this issue. I will mention later some of the work that the embassy has done in Paris in the last couple of weeks, which may help us move in the right direction.

It is always difficult to force the police authorities in another country to do something that they do not want to do, especially if our authorities have criticised the work that an authority has done, because sometimes that authority will respond, saying, "We think we've done our job and there it is. We're the legitimate authority in this country, not you, so you can't tell us what to do." So it is always difficult. Consular staff, who spend much of their time dealing with complicated issues, including child abductions, rapes and deaths in suspicious circumstances, are conscious always of the complexities of the relationship between police authorities in this country and those in another country.

Last week our embassy in Paris spoke to the deputy public prosecutor of Bobigny, the Paris suburb where Christopher Traynor's case is being considered, who said that the French police could interview Monsieur Nesmon if a formal request was made by the UK authorities. However, the FCO is not, in their view, the correct authority. The request would have to come from Merseyside police, which so far has been reluctant to do so, on the basis that this was a French investigation. Sometimes one police department does not like to criticise the work of another one in another country, because it does not like being criticised back, and Merseyside police feels that it has no real, hard evidence that Christopher's death was anything other than natural. However, the FCO consular staff will go back to Merseyside police on this, because if the authorities in France are saying that they would look at the matter again if Merseyside police asked them to do so, it would be odd for us not to do that.

Mr. McCartney: The fact is that the coroner recorded an open verdict. That was important. He was critical not just of the investigation but of the evidence. There is no evidence that Christopher died of natural causes; it is an open verdict and therefore should be investigated as such.

Chris Bryant: Yes, but of course the difficulty with an open verdict is that one is not saying that there is therefore hard evidence of something other than a natural cause. I realise that this is a fine distinction, but this is the distinction that Merseyside police needs to address, because it must decide to make a request, as we believe it should, to the French police to interview Monsieur Nesmon.

The other alternative is available not to the Foreign Office but to the family. The deputy public prosecutor in Bobigny said that if the family were to write to her directly, she would consider any representation that they made. I will make sure that staff in my Department write to the family to ensure that they know precisely how they could go about that. The door is at least slightly open in the case of the public prosecutor in Bobigny.

I fully understand, of course, why Christopher's family have been critical of the French authorities and, indeed, of our own consular service, the UK coroner, the international funeral directors and the UK police. I would say that there was a series of very unfortunate elements right from the beginning, including the fact that we found it very difficult to identify the right person as next of kin at the very beginning. We were put in touch with another Traynor, in Australia, who of course had absolutely nothing to do with Christopher, but we had no means of getting directly in touch with next of kin. Quite often, that is one of the most difficult things that consular staff have to deal with, but from the very beginning there has been a series of unfortunate moments that have made it very difficult for the family to have clear confidence in the processes in either the French system or the UK system. When, on top of that, the French system and the UK system have been at odds one with another, of course that has led to more confusion.

As I said, I am more than happy to meet the family and, if there is any further assistance that we can possibly give, I am happy to make that available. Our difficulty is that we are not able to command the French Government to command the French prosecuting authorities on how to proceed. The French prosecuting authorities have said that in the first instance they would need either a direct approach from the family or a direct approach from Merseyside police to be able to reopen the investigation and interview particular individuals.

Mr. McCartney: I thank my hon. Friend for agreeing to meet the family. In my contribution to start this discussion, I made it absolutely clear that the coroner had written twice to the Foreign Office to express his extreme concerns about this issue. What is not clear is whether the Foreign Office did anything to take those forward. The reason why I raise that is that in the end the coroner has to rely on our posts abroad when dealing with deaths abroad. Therefore, it would be useful—certainly for the meeting if the Minister cannot do this now—to find out with some clarity whether those concerns, worries, indeed straightforward, simple allegations of failure in the investigation were simply filed away or were acted on. The reason why I ask him that is simple. His officials quite openly sent us a note showing that they had done a review of the file, and it stops dead in 2005, yet my hon. Friends and I have been in communication about this matter since then, including the fact that we asked for a meeting to be organised with Merseyside police and for the Foreign Office to offer its facilities to give Merseyside police a way of engaging with their counterparts in France.

So it is not simply a matter of saying here, "The coroner works in this box; Merseyside police operate in that box." We need to get the boxes to work together, because without that, Christopher's death will remain a mystery and it is important that it does not. He was a human being. He was somebody's child—lonely, frustrated and concerned, as he had expressed days before he died. I therefore ask the Minister to think out of the box about what the Foreign Office is prepared to do in terms of resources to help us to get to the next stage, as outlined earlier.

Chris Bryant: Of course I fully sympathise with the tenor of what my right hon. Friend says, but I think he will accept that the one thing that a British Government cannot do is tell the British or French police authorities what to do. We can make representations, and we have done so. For that matter, the embassy was in touch with the public prosecutor only last week. On previous occasions, we have suggested ways in which the family could reopen the investigation by making approaches to the public prosecutor in France. I am not aware of whether they have or have not taken up those opportunities, but those avenues have been made available to them through the consular service that we provide. It would be wholly remiss of me, however, to suggest that it is possible for us to force the French authorities, or the British authorities for that matter, to take up an investigation if they choose not to do so. We simply do not have the power to do that and, to be honest, I do not believe that we should have it.

I am more than happy to speak to the family and to meet hon. Members.

Mr. Peter Kilfoyle (Liverpool, Walton) (Lab): The Minister is quite right to emphasise that he is not in a position to order the French to do anything, but there could surely be some kind of ministerial contact. We could use ministerial good offices on this side and on the French side and ask the French at the very least to consider reopening the case. That is quite different from trying to tell them what to do in such a case. A princess dies, and, quite understandably, we have investigation after investigation; a boy dies in a squat, and nobody seems to give a squat about what happened to him. It would be wholly remiss of Her Majesty's Government not to exercise some discretion on behalf of this young man.

Chris Bryant: The honest truth is that consular staff have devoted a great deal of time to this and they have tried to provide all the support that they can. Sometimes, they are not able, and never would be able, to give all the support that families want, simply because there has been an enormous tragedy and the sense of loss and grief is impossible to assuage through consular action. I realise that my hon. Friend is trying to find a way for me gently to drop in a ministerial ear in Paris the suggestion that a Minister should force the public authorities in France to reopen the case. To do that, however, I would have to make a judgment on the rights and wrongs of the case, which I am simply not able to do. In addition, I would be asking the French authorities to do something that, were they to respond in kind and ask us to do it, would rightly make us angry. The separation of powers between the political system and the judiciary and the justice system is a very important principle, which I know that my right hon. Friend the Member for Makerfield shares.

There is still an avenue open if we can persuade the Merseyside police to ask the French authorities to reopen the case and interview Monsieur Nesmon. Another avenue is for the family to make a direct representation, and my staff in the consular section will be more than happy to help them with that. Those are the most likely ways for us to achieve the outcome that every member of consular services and the Foreign Office team, along with the family, wants. We want to know the truth

[Chris Bryant]

about what happened and to make sure that there is justice for the Traynor family and that there is an opportunity to draw to a close a hideously tragic and difficult situation for the family and all those who have been involved.

I do not think that there is anything more I can add, other than to pay tribute to the family for the work and the campaign that they have kept up.

Question put and agreed to.

1.59 pm

Sitting adjourned.

Westminster Hall

Wednesday 14 October 2009

[MR. GARY STREETER *in the Chair*]

UK Relations with Russia

Motion made, and Question proposed, That the sitting be now adjourned.—*(Steve McCabe.)*

9.30 am

Mr. Greg Hands (Hammersmith and Fulham) (Con): I was delighted to secure the debate back in late July and I start by welcoming you to the Chair, Mr. Streeter. I also welcome the Minister to his new position. I think that he is, remarkably, the 12th Europe Minister in this Government. He changed briefs with Baroness Kinnock on Monday. I expect that that has not given him much time to prepare for the debate, not least because he has, I hope, taken the time to read the Lisbon treaty, which is certainly more than one of his predecessors did. Nevertheless, he and I were previously officers on the all-party group on Russia and I suspect that we may find much to agree about this morning.

Thankfully, there has been some movement in UK-Russia relations since the end of July, when I applied for the debate. Nevertheless, my central premise today is that the Government have failed in most if not all of their foreign policy objectives in respect of Russia in the past three years and that something needs to be done about that. Whatever one's views on Russia—I suspect that there will be a variety of views in the debate, as always—no one can argue that relations have been a success. UK policy towards Russia has been characterised in the years since the murder of Alexander Litvinenko as one of deep-frozen non-engagement—I would even use the word "festering".

There are essentially two approaches that one can take towards Russia. One can willingly engage with Russia, with a heavy dose of realpolitik, and seek to get what one can from the relationship—an approach recently described as Schröderisation by Boris Nemtsov, the former Russian Deputy Prime Minister. Alternatively, one can take a critical approach, also engaging but being tough in a way that the Putin-Medvedev duumvirate understands, and taking a long-term view that short-term benefits should be put second to a primary interest of getting Russia to behave more like a normal state.

Mr. Mark Field (Cities of London and Westminster) (Con): I had hoped to make a speech, but unfortunately I have another engagement. Whichever of the two approaches is taken, surely the single most important thing to remember is that we need to engage with Russia for trade purposes but also, given the issues of energy security and Islamic fundamentalist terrorism, it is better that we have strong engagement and that they are on our side rather than the other side on both those crucial issues for the decades ahead.

Mr. Hands: I thank my hon. Friend for that intervention. He has devoted considerable time to these issues. I read his very interesting article about UK-Russia relations last month. He is right to say that whatever one's views about Russia and whether one likes the current Government or not, one must engage with Russia, because nothing will be gained by what is happening at the moment, which is a policy of complete non-engagement.

As I was saying, our Government take neither approach in terms of how they deal with Russia. They have simply allowed relations to ossify. There is almost no engagement whatever. I was about to contrast the approaches of our Prime Minister with the approaches made by Barack Obama and Angela Merkel, but in fact no approach has been made by our Prime Minister. Incredibly, to the best of anyone's knowledge—this seems to be confirmed in parliamentary questions—our Prime Minister has never met Vladimir Putin since the right hon. Gentleman became Prime Minister two and a half years ago. The last time that we can be sure that the two men met was in 2006, at a meeting of the G8 Economic Ministers in St. Petersburg. We cannot be entirely sure on this, because 10 Downing street seems to have had a policy in recent times, under the current incumbent, of not answering parliamentary questions about visits or meetings.

Mr. Tom Watson (West Bromwich, East) (Lab): I agree with the thrust of the hon. Gentleman's argument this morning, but will he confirm that the President of Russia is actually President Medvedev, whom my right hon. Friend the Prime Minister has met on a number of occasions, including at the G20? Does he want my hon. Friend the Minister to reassure him that he will be actively engaging with all levels of the Russian Government, including talking about the Khodorkovsky case, which is an important legal test for the Russian Government with their international partners?

Mr. Hands: I thank the hon. Gentleman for that intervention, which I assume has come from fairly close to Downing street itself. Of course it is important also to engage with the current President, but no one should be under any illusion as to who is really in charge in Russia. I was going to say that our Prime Minister has met President Medvedev at perhaps three different international summits in the past two years, but to the best of my knowledge, there have not been proper bilateral meetings at any of those summits. I shall go on to discuss the case of Mikhail Khodorkovsky in due course.

Let us contrast our Prime Minister's approach with that of Barack Obama. The US President recently spent a whole two-day summit in Moscow, having long meetings with both Putin and Medvedev. In fact, with Medvedev, he spent an incredible 10 hours in face-to-face meetings. The President's top Russia adviser, Michael McFaul, said to reporters afterwards:

> "I dare you to find a summit that was so substantial, sustained. We hit all of the dimensions of the US-Russia relationship between the government and society, the security stuff, the arms control stuff, the nuclear proliferation stuff, food, health. I can't think of a summit which was more comprehensive."

By the way, the 10 hours that Obama spent with Medvedev is in sharp contrast to UK-US relations, with our Prime Minister's approaches for a short joint press conference with President Obama being spurned five times after the Prime Minister's deft handling of Abdelbaset al-Megrahi, the Lockerbie bomber, in August. No one is saying that all is perfect in US-Russia relations, but

[Mr. Hands]

there is progress and there is dialogue. President Obama also took the opportunity in Moscow in July to spend almost a full day engaging with Russian civil society and business leaders, and he pressed especially for greater press freedom, which has been terribly eroded under Vladimir Putin in particular.

A few days later, Medvedev flew to Munich for similarly extensive head-to-head talks with Angela Merkel. *Der Spiegel* pronounced: "Medvedev Charms Merkel at Munich Summit". To her credit and in contrast with the rather fawning approach of her predecessor, Gerhard Schröder, Merkel raised various human rights cases, notably the recent murder of Russia-Chechen human rights activist, Natalya Estemirova. Merkel had previously raised with Putin crackdowns on peaceful demonstrators and other cases. Medvedev actually pronounced in Munich his deep shock at the Estemirova murder. He even called her a model for future generations. He said:

"She deserves justice, because she defended our legal system"

and

"I am sure the person who committed it"—

the murder—

"will be punished."

It helps that Merkel speaks Russian well, but she at least shows what can be done with critical engagement. A new German-Russian energy agency was founded, and about 300 delegates from both sides participated in a wide-reaching civil society dialogue.

Where is our Prime Minister in all this? The answer is, nowhere. My hon. Friend the Member for Rayleigh (Mr. Francois), who is with us, attended the 70th anniversary commemoration of the outbreak of world war two at the Westerplatte outside Gdansk in Poland a few weeks ago. Also there were Vladimir Putin and Angela Merkel. Our Prime Minister was also invited, but declined to go, it seems. It seems as though he is actively avoiding Putin, Medvedev and, indeed, anyone Russian.

Perhaps the Prime Minister's boycott of Russia is deliberate. Perhaps it is a principled boycott, rather like our approach to someone such as Robert Mugabe. If so, it would be helpful if someone would say so, as if that is the case, no one knows about it and instead we just look weak and ineffectual. While Merkel fights for the likes of the family of Natalya Estemirova, and Obama promotes the rule of law, no one is there to bat for the likes of the widow of murdered British citizen, Alexander Litvinenko—whom I met last year—as we approach the third anniversary of her husband's death on 23 November 2006.

While Obama generates headlines such as "Obama Resets Ties to Russia" and Merkel gets "Medvedev Charms Merkel", we have had a series of false starts in recent years. A headline in *The Times* in 2008 stated: "British-Russian relations in deep-freeze, as summit fails" with a photo of Medvedev holding his hand out to our Prime Minister, but our Prime Minister has his face turned directly to the ground and fails to notice the hand outstretched towards him. An article from the BBC in October 2008 was entitled "Mandelson urges end to Russia row". That was in preparation for Lord Mandelson's four-day visit, which also ended in failure.

We now hear that the Foreign Secretary is to visit Russia, which I am sure we all welcome. Characteristically, however, the visit was announced by the Russians, not the Foreign Office. *The Times* of 3 October told us, "British relations with Russia thaw as David Miliband prepares visit", but I wonder whether we will ever see the thaw that the Government have promised. If we do, will it help to resolve the major outstanding issues in UK-Russia relations, which I will come to in a moment?

Relations can thaw only if there is a face-to-face meeting between Vladimir Putin and the British Prime Minister. As I said, however, the Prime Minister has yet to meet the Russian Prime Minister, and he took four months to meet Dmitry Medvedev after his election in March 2008.

Mr. Nigel Evans (Ribble Valley) (Con): Is my hon. Friend not also staggered that the Foreign Secretary's visit to Russia in November is the first visit by a British Foreign Secretary since 2004? Does my hon. Friend agree that the Russians probably look on that as quite a slight on their relations with the UK?

Mr. Hands: My hon. Friend is of course right. A little later, I will talk about some of the historic precedents in British-Russian relations and about how important sending over the right level of person is to the way in which Russia views its bilateral relations with the UK.

The Prime Minister met Medvedev only at the G8 summit. I would not want anyone to think that I was being excessively political, because our relations with Russia are too important for that, but I would contrast the current Prime Minister's approach with that of his predecessor. Tony Blair made sure that he was the first western leader to meet Vladimir Putin when he took over from Boris Yeltsin in 2000. Indeed, Blair flew to Moscow in March 2000, while Putin was still only the acting leader, and two weeks before the general election that made him President.

The status quo is very odd. Even at the height of the cold war, there was engagement with Russia. Indeed, one could argue that the engagement led by Ronald Reagan and Margaret Thatcher 20 years ago was a key part of the background to the fall of the Berlin wall. We are talking about two of the five permanent members of the UN Security Council effectively having no bilateral relations at the highest level. There are only 10 sets of bilateral relations between permanent members of the Security Council, and I would put good money on the fact that UK-Russia relations are the absolute worst.

If the Prime Minister were ever to meet the Russian Prime Minister, which issues might need to be debated from the British point of view? The first would be progress in investigating the heinous murder of Alexander Litvinenko in November 2008 and other incidents that put UK-Russia relations in a deep freeze at that time. Second would be the continued detention without proper trial of Mikhail Khodorkovsky, Platon Lebedev and others in relation to the break-up of Yukos. Third would be the continuing downgrading of the BBC Russian service at the World Service, partly thanks to actions taken by the Russian Government in recent years. Fourth would be operations of the British Council in Russia, and fifth would be Britain's conflicting and often counter-productive approach to visitors' visas for Russian nationals.

I could talk about Georgia, energy security, Chechnya and Russian espionage in London, but I will leave those topics for others to come in on. Similarly, I will not discuss the issues on which UK-Russian co-operation might bear real dividends, such as Iran, North Korea and non-proliferation.

Let me put our relations with Russia in a little context. Russia is going through quite grave economic problems at the moment. Its GDP is set to fall by 11 per cent. this year, unemployment is 9 per cent. and rising, there is 15 per cent. inflation and bankruptcies are increasing. Rather incredibly, the Russian rouble is about the only currency against which sterling has appreciated in the past 12 months, so bad is the state of the Russian economy. Corruption remains a major issue, IKEA has announced that it is pulling out of the country and so on. On the political side, matters could be worse, but they have not really improved in the past three years, and I am sure that others will examine recent activities on the political front and in civil society.

The first of the specific issues that I want to raise is the aftermath of the Litvinenko affair. Despite words of protest, no progress appears to have been made. I would be grateful to hear from the Minister whether, and if so how recently, requests to extradite Mr. Lugovoi have been submitted. I would also be grateful to hear of any other progress that might have been made in solving the murder of this British subject. As we know, Mr. Litvinenko's widow, Marina, petitioned the coroner in 2008 for an inquest. She did that against the advice of the Foreign Office, which feared that such a move might prejudice any future trial of Mr. Lugovoi or others who might be accused of the crime. Given that the Foreign Office thought at the time that a trial might happen, it would be helpful to hear what progress it is making.

On the ongoing detention of Mikhail Khodorkovsky and Platon Lebedev over the collapse of Yukos, the background to the case has been well documented in previous debates in the House—notably on 10 March 2004—so I will not recount the full story. However, Mr. Khodorkovsky is on trial again for more or less the same alleged offences for which he was tried in 2004. So far, he has served four and a half years in prison camp No. 13 in Kamenokamsk in Siberia, which is close to the city of Chita—a grim part of Siberia, I can tell you. According to Mr. Khodorkovsky's interview in *The Sunday Times* on 13 September 2009, which was secretly transmitted to the west, the court proceedings—we should bear in mind that he is on trial for the same offences that he was tried for and convicted of in 2004—saw him locked inside a 1.5 tonne bullet-proof glass case. When he is not being taken to court, he is in his cell, where he spends 23 hours a day in less than five square yards of space with three to eight men. Ironically, he told *The Sunday Times* that the rules on his detention were relaxed only for the year that he spent in a penal colony—the quality of detention there was actually better than what he has at the moment.

From time to time, there has been a lot of interest in Mr. Khodorkovsky's case in the House. Indeed, the most interesting early-day motion on the matter—early-day motion 2176—was tabled on 23 October 2007. Remarkably enough, it was tabled by the Minister, who is responding for the Government. As I mentioned, we were previously officers of the all-party group on Russia, so I know of his strong and genuine interest in Russian human rights. His EDM bemoans the incarceration of Khodorkovsky and

"calls on Russia to eschew totalitarianism and more securely to embrace democracy, the rule of law, political plurality and freedom of expression and peaceful assembly".

I say, "Hear, hear!" to that. The US Senate and the Bundestag have tabled similar motions.

We deserve an update from the Minister on the progress that he has made on his EDM and on ensuring that the Khodorkovsky case has been properly raised in the short time that he has been in his post. It is essential for him to tell us that the Foreign Secretary will raise the case when he travels to Moscow next month. I hope that he will publicly condemn the latest trial and that the British ambassador will visit the trial before the Foreign Secretary's visit. Either way, I would be grateful if the Minister could update us on what actions he has taken.

I want briefly to examine the ongoing controversy surrounding the BBC Russian service, which I raised at some length in a debate on the World Service last December. As we know, the Russian Government closed down a lot of the joint ventures with local Russian FM stations, and the BBC Russian service—at least the radio service—has never recovered. I would be grateful to hear from the Minister what further proposals there are to launch the Russian language TV service that has been talked about at the World Service.

Does the Minister also share my concern about some of the editing on the BBC Russian service and about the way in which the service fails to challenge official Russian Government viewpoints? In recent weeks, for example, there has been intense debate on Russian websites about the 1999 Moscow apartment bombings, but the BBC Russian service has not even mentioned the issue, let alone attempted to analyse it. It seems that certain topics are still too sensitive to be touched.

Similarly, the service's April 2009 interview with the Russian Foreign Minister, Sergei Lavrov, is an incredible bit of reading. So positive was it for the Russian Government that the Russian Ministry of Foreign Affairs was the first to publish it, on its website. It is just a series of about eight one-line questions, to which each answer is about five paragraphs from Lavrov, putting forward the official Russian viewpoint. He comes out with some incredible stuff, and at no point was any of that challenged by the BBC Russian service. He says that Russia is

"an undeviating protector of international law".

He attacks the colour revolutions in the post-Soviet era, saying they are

"not merely examples of gross human rights abuses"—

the revolutions, not the background to them—and accuses them

"also of trampling upon the norms of ethics and morality."

At no point did the interviewer challenge any of those views or opinions.

Mr. Field: The logic of what my hon. Friend says is that we should be interfering with what BBC interviewers do, across the globe. That is not necessarily a positive route forward. Much as I understand some of my hon. Friend's concerns, surely we should not underestimate the intelligence of people who read such interviews, and their ability to read between the lines. I wonder whether that is happening only in relation to Russia; presumably

[Mr. Mark Field]

the BBC has sensitivities with other countries in its interviews with politicians or leading business folk. It is a slightly dangerous path if my hon. Friend is asking any Government effectively to interfere in the BBC's operations abroad.

Mr. Hands: I thank my hon. Friend for that intervention, but I strongly disagree with him. Members of Parliament should watch carefully the overall direction that the BBC takes in its foreign coverage. It would obviously not be appropriate for us to interfere or intervene at a localised level, but we should all be concerned if the BBC is allowing the unmediated views of someone like Lavrov to be repeated at length.

Mr. Edward Davey (Kingston and Surbiton) (LD): Will the hon. Gentleman give way?

Mr. Hands: I will not take another intervention yet; I want to move on to another point.

I recently met Peter Horrocks, the new head of the World Service, and found him much more amenable than his predecessor at the time of the Lavrov interview. A number of us in this House take an interest in what happens at the BBC Russian service and we look forward to a flourishing future for it.

I want briefly to turn to the issue of visas. I was recently reminded of the effectiveness of the removal of visa rights from individuals, or sets of individuals, in dealing with different Governments. I am told—I believe reliably—by a former senior member of Boris Yeltsin's Government that effective action was taken at an EU level against up to 500 members of the Nashi organisation, by ensuring that they did not receive visas for the Schengen area. Nashi, hon. Members may recall, is a pro-regime irregular group that was prominent in the very nasty harassment campaign against the then British ambassador in Moscow in 2007. My information is that Estonia cancelled the visa rights of 500 Nashi members, and that that had a knock-on effect in a number of EU countries. I believe that those close to the present regime fear removal of visas for their visits to London. That could be a very effective move in, for example, putting pressure on Russia over other issues that I have discussed.

By contrast, our visa policy towards other, more humble, Russian citizens is sometimes shameful. Since I applied for the debate I have been doing a lot of research on the number and nature of Russians refused visas to this country. I have had representations directly from and on behalf of such Russian citizens. The number of visa refusals of Russians, as a percentage of the global total, has risen relentlessly from 3.3 per cent. in 2002-03 to 6.8 per cent. in 2008-09. Now Russian refusals rank fifth in the world, after India, Nigeria, Pakistan and China—all countries that are more populous than Russia. Some 10,035 visa refusals were made in the last financial year.

I shall not go into detail about some of the cases that have been raised with me, but many of the refusals affect academic and cultural visitors. Those would seem to be precisely the sort of people we should encourage to come from Russia to this country. However, I shall mention one case, which I found particularly shocking—that of Sergei Mironenko from the Memorial organisation, which documents Soviet era oppression. He is the leading editor of documents from the Stalinist past, and was refused a visa to attend the 2009 London book fair. I am not in a position to tell the House everything about that gentleman's background, but two others from his group were refused visas as well, and I should be grateful to hear the precise reasons for that.

A visa was also recently denied to Yevgeny Tsymbal, a well known maker of documentary films, who has regularly been invited by Queen Mary college as an academic visitor. There has been a surprising number of instances where precisely the more democratic-minded Russians have been the ones whose visa applications have been refused. I was delighted when my great aunt from Vladivostok was granted a visa and came to my wedding in 2005, but I sometimes ask myself whether four years later she would get the same treatment. It seems to me from statistical and anecdotal evidence that the visa situation for more ordinary Russians is rather difficult.

I have a final thought that I want to end on. I mentioned that I would talk a little about the historiography of UK-Russia relations, and I want to contrast two incidents from the past, to suggest how those might provide pointers to approaching a proper relationship with Russia today. The way not to approach matters was shown in the summer of 1939 when Britain explored the possibility of a rapprochement with Soviet Russia, but unfortunately dispatched a middle-ranking naval officer, by sea, to conduct the negotiations. I believe that my information is correct, although I did not quite have time this morning to check it. It took the delegation, at that critical time, three weeks to arrive by boat in what was then Leningrad. I do not for a moment say that the Soviets were a natural ally of this country, then or later, but if the mission was to seek an alliance with them, that seems to have been a rather poor way to go about it. The Soviets, not unreasonably, contrasted the behaviour of the British towards them with their behaviour towards Hitler the previous year, when the then Prime Minister flew out at pretty much a moment's notice to Munich. They drew the inevitable conclusions about whether Britain was serious about an alliance or relationship with Russia.

The other lesson is from 25 or so years ago, when Margaret Thatcher, who was of course resolute in her approach to the Soviets, nevertheless engaged. She flew to Moscow. She did not take the 21-day boat. She was even cheered by Muscovites in the streets of Moscow on her walkabout. That sort of example, and the recent examples of Barack Obama and Angela Merkel, shows the importance of engagement and resolution in dealing with Russia. We must have some hopes for the Foreign Secretary's visit, and I await the Minister's views with interest. We should have no illusion, however, that it is a substitute for talks at the highest level. If Obama and Merkel can do it, surely our Prime Minister can finally summon up the courage to do the same, meet Putin and have substantial talks.

Mr. Gary Streeter (in the Chair): Five hon. Members want to catch my eye, and we have about half an hour before Front-Bench speeches begin, so concise speeches would be in order.

9.58 am

Mrs. Madeleine Moon (Bridgend) (Lab): We need to look at our relationship with Russia having examined our past. We in Europe have come out of two devastating world wars. We have seen the fall of the Berlin wall, the 20th anniversary of which is approaching. There have been non-violent revolutions in Czechoslovakia and Ukraine, and democracy has spread across eastern Europe. However, there has also been ethnic cleansing in the Balkans and war and heightened tensions in the Caucasus. We are withdrawing from Iraq and sending more troops to Afghanistan. North Korea remains isolated and antagonistic. Iran is a growing nuclear threat and Pakistan is unstable. These are far from peaceful times. There are new threats: terrorism from religious extremism, and the looming threat of climate change, with its impact on the migration of people, water shortage and famine. Energy security is rising up the political agenda, as are cybersecurity, the war on drugs and the threat of nuclear weapons in the control of rogue states.

Russia, a former superpower, wants to re-establish its global presence and is moving into a new era of diplomatic relations that are fraught with complexity. The collapse of the former Soviet Union was not a triumph of democracy, but more one of economic disintegration. As Russia recovers financially, it seeks a new role and status in a changing world. That is seen particularly in Russia's relationship with China. The fall of the Soviet Union allowed China to grow in influence and power, particularly economically. China and Russia are participants in the Shanghai Co-operation Organisation, which aims to provide a regional, multilateral framework within which mutually beneficial co-operation in economic, political, diplomatic, security and trade spheres can be pursued. It has become known in some quarters as the NATO of the east, with some writers even suggesting that it could develop into a trade bloc rival to the European Union.

The Shanghai co-operation agreement has been used to maintain de facto control over political movements within central Asia, yet Beijing and Moscow diverge on issues such as energy assets and who should become new members of the organisation. There is already a possible Sino-Russian tension. China is buying into Russia's petrochemical industry, which adds to Russia's concerns. China has shown a willingness to invest billions of dollars in areas such as the far east and Siberia, and even along the Moscow-St. Petersburg highway. Some would argue that, in that area of Russia, China's influence is soon to become greater than that of the Russian central Government. There are those, therefore, who argue that China's rise is as great a threat to Russia's east as NATO is to its west.

That gives the west an opportunity to develop a different dialogue and a new relationship with Russia. Through its role in NATO, the UK plays a critical role in working in partnership with Russia, in particular on tackling terrorism, nuclear non-proliferation, the war on drugs and climate change. The resumption of formal engagement between NATO and Russia on the NATO-Russia council is a positive step and opens up discussions in those areas of potential co-operation. I agree with the hon. Member for Hammersmith and Fulham (Mr. Hands) that other positive steps have been taken recently, with nuclear non-proliferation and missile defence moving back on to the political agenda, thanks to announcements made by our Prime Minister and by President Barack Obama.

Iran is a major issue in terms of political and nuclear threats. It is seeking membership of the Shanghai Co-operation Organisation, consistent with its "looking east" foreign policy. If we are to have the support of Russia in tackling the threats posed by Iran, it is important that we also tackle Russia's feelings of insecurity in relation to the west.

For the west and for Russia, Afghanistan, religious extremism, terrorism and drug trafficking are major threats. In Russia, 10,000 people a year die from drugs, with 70,000 people dying drug-related deaths. We have a major opportunity to work together to tackle the problems of drugs that come out of Afghanistan and the chemical processes needed to process those drugs, which are currently trafficked through Russia. We have an opportunity to create joint structures to build on border and police capacity to tackle drug smuggling.

The economic crisis in Russia is expected to last long into 2010, giving increased significance to the UK's position as the biggest foreign investor in Russia's oil and gas industry, and the largest source of foreign direct investment into Russia. Russia's economy is less than 3 per cent. of world gross domestic product, and is forecast to remain below 3 per cent until 2030. Even Russia's oil and gas companies, whose output is beginning to decline, cannot thrive without foreign technology, expertise and capital. To develop, Russia will need the support of the west and of the UK to develop its legal system, to tackle economic and banking regulation, and to develop its capacity for labour movement—a problem that is holding back its economic development.

Although Russia currently fears further NATO enlargement, especially the entry of Ukraine and Georgia, and seeks to erode the significance of NATO and EU membership, we have to look at the realpolitik of how we develop the relationships between Russia and the UK and NATO. In a global world, our emphasis has to be on our shared problems. We in the west have long believed that capitalism, prosperity and liberalism go hand in hand, but the end of the cold war has shown that belief to be fallible. The solution is political engagement through bodies such as the World Trade Organisation, increased exposure to the European Union and to EU offers and efforts to build Russia's economy, and work with NATO on joint military developments and exercises.

There is the possibility of a new relationship with Russia in a new global world. We cannot be innocent and deny the risks that Russia poses to the west, but we cannot turn our backs on potential opportunities to bring Russia further into closer alliance with the west, and to understand the opportunities that co-operation and working together can bring for peace, security and financial security for Russia.

10.7 am

Mr. David Wilshire (Spelthorne) (Con): I was born when fighting stopped in Europe at the end of the second world war. I grew up in a household, town and country that had learned to hate fascism and hate Germans. Sixty-five years later, western Europe is united, harmonious and making progress. One needs to ask: how did that transformation come about? Clearly, it did

[Mr. David Wilshire]

not happen overnight. It started very badly, but there was mutual commitment from everybody who had been through a world war on the continent and was determined to do something about it.

The Soviet Union collapsed only 18 years ago. Surely, it is unrealistic to assume that 65 years of progress can be made in 18 years. More to the point, when we have taken 300 years to get our democracy into its present slightly chaotic state, to expect similar progress in 18 years would be to push our luck a bit. I say that because the Russian Federation is a country in transition. It is a new democracy; it is new at all sorts of things. The tsars before the Bolsheviks were not models of democracy, the rule of law and human rights, so the Russians have little to draw on.

In case I am again accused of being an apologist for the Russians, let me repeat what I say to my Russian friends. Of course Russian democracy is far from perfect. Of course the handling of human rights in Russia is not very clever—we have heard examples of that. Of course the rule of rule of law is weak. We know that and we say so, but the Russians know it too.

The challenge is to ask ourselves whether things have improved in Russia, not whether they are perfect. In my judgment, Russia has made progress. Many people, myself included, wish there was more, but we must be fair. What we have to do on occasions such as this is to ask whether, because there are still so many shortcomings in Russia, we should condemn or try to help. I know where I stand on that. I readily accept that trying to help a new or emerging democracy, with all its shortcomings, requires a difficult balancing act for those who want to keep their self-respect, but who also need to be pragmatic and to be prepared to work with the imperfect to try to make it less imperfect. I know that, but it might help to admit it.

For reasons that I shall explain, I am very much involved and committed to helping people in Russia. I am a member of the UK's Council of Europe delegation and the leader of one of its political groups, a group that has 27 members from United Russia. I have found that progress can be made. My contribution to today's debate is to say that it is okay to discuss what the Government of the day can do, but it would be useful for a moment to spare a little thought to what we parliamentarians can do by serving as a route to individual parliamentarians in other countries. I shall leave it to the Minister to say what the Government want to do, and I shall leave my hon. Friend the Member for Rayleigh (Mr. Francois) who speaks for the Conservatives to give our party's view. My view is that if we can build trust and friendship with members of another parliament, however imperfect, we parliamentarians stand some chance of passing on some of our beliefs and values.

That is what we need to do, but to achieve it, we must understand the Russians. We are talking about a former superpower that has lost its empire, whose rouble has collapsed and which descended into chaos under Yeltsin and at one point even had to rely upon food aid. Is it surprising that such a country should feel humiliated and the need to do something to restore its self-respect? We should be clear about the range of changes that have to be made. When talking about the Russian Federation, we must also remember that it is not some Balkan state. It is geographically enormous, and has an enormous population. Turning around such a country is not as simple as taking action in places such as Kosovo or Macedonia.

We need to help. In my judgment, it can be done at the parliamentary level only through personal contact. We simply cannot afford to leave to Governments, of any colour, the things that my hon. Friend the Member for Hammersmith and Fulham (Mr. Hands) wants to see done. We ourselves have to play a part in building those relationships.

With Russia, as in any other case, we need to understand that no Parliament is made up of people who all believe the same, who think the same, and who have the same policies and the same powers. It is not like that. In any Parliament, and certainly in the Russian Duma and the Russian Federation, there are people whose view of Russia's future is of a country that is integrated into Europe—not a member of the European Union but a European country. We are a European country and some believe that Russia is part of our continent, but others want Russia to stand alone again. That is perfectly honourable, but I believe as parliamentarians that we could usefully help those who wish to see a united continent, with Russia being integrated with the rest of us into a peaceful future. The track record of conflict in Europe—be it Russia's or anyone else's—has not gone away. We need to integrate Russia into Europe to stand the maximum chance of ensuring less conflict or no conflict in the future of our continent.

10.14 am

Ann Clwyd (Cynon Valley) (Lab): Mr. Streeter, it is a pleasure to see you here. This is the first time that I have spoken under your chairmanship.

I congratulate the hon. Member for Hammersmith and Fulham (Mr. Hands) on securing this debate on an important subject, and I am glad that it is taking place so soon after the recess. I also congratulate the Minister for Europe, my hon. Friend the Member for Rhondda (Chris Bryant), my next-door neighbour, on his recent appointment.

Many of us have been engaging with Russia for a long time; some, like the hon. Member for Spelthorne (Mr. Wilshire), through membership of the Council of Europe, and others through the Inter-Parliamentary Union. Indeed, next week in Geneva some of us will be taking part in bilateral meetings with the Russian IPU delegation. Those links are important, and should not be underestimated.

I start with Dmitry Medvedev, the Russian President. Had I realised that the hon. Member for Hammersmith and Fulham had Russian ancestry, I would not have spent time in the Library this morning trying to find the correct Russian pronunciations—next time I shall know who to ask. When the President, a lawyer who once spoke out against Russia's "legal nihilism", took office in 2008, I hoped that human rights and freedom of expression would be strengthened. However, although he has made statements in support of civil society and human rights non-governmental organisations and met their representatives, it would appear that the situation remains largely unchanged.

Seventeen journalists have been killed in Russia since 2000. The killers were convicted in only one case. Those cases include that of Anna Politkovskaya, an internationally

known journalist who was a harsh critic of the Kremlin and who exposed widespread human-rights abuses and corruption in Chechnya. She was killed a little more than three years ago, but no one has yet been found guilty of either having killed her or having ordered her killing. They include also the case of Mikhail Beketov, the editor of a newspaper in Khimki, to the north-west of Moscow, who had been reporting on local government corruption and who, last November, was beaten nearly to death and left in the freezing cold; he lost a leg and fingers to frostbite. In February, the editor of a local weekly further north-west of Moscow was found unconscious and bleeding; he had published articles critical of local politicians.

In addition, human rights defenders remain at risk. This summer, on 15 July, Natalya Estemirova was kidnapped in daylight from a street in central Grozny. Hours later, her corpse, with gunshots to the head and body, was dumped by a road in the neighbouring southern republic of Ingushetia. Mrs. Estemirova had been gathering evidence for the human rights organisation Memorial about an alleged campaign of arson attacks by militiamen, backed by Chechen President Kadyrov, against his opponents. House burnings have become a frequent form of collective punishment by local authorities, with at least two dozen incidents in the past 18 months. Suspected militants and collaborators, their relatives and other perceived enemies of the regime are liable to be tortured, abducted and assassinated.

Memorial and Mrs. Estemirova were a constant thorn in President Kadyrov's side. I met and spoke with Mrs. Estemirova, who was a courageous and principled woman. She knew that her life was in danger, but did not want to talk about that. Instead, she concentrated on raising awareness of what was happening in Chechnya—on stopping ongoing and serious human rights violations and on getting justice for the victims. I understand that President Medvedev has placed the investigation of her murder in the hands of the state prosecutor, who will report directly to the Kremlin. However, the Russian President has already declared that President Kadyrov was not involved.

Only last week, a court in Moscow ruled that Oleg Orlov, the head of Memorial, had smeared President Kadyrov's reputation by blaming him for the death of Mrs. Estemirova. Mr. Orlov had accused the Chechen President of being guilty of Natalya Estemirova's murder. However, in court, he explained in his defence that he had meant political guilt, telling the court:

> "The current situation in the Chechen Republic, where horrendous crimes violating human rights go systematically unpunished, has given me every basis for believing in the unconditional political guilt of Ramzan Kadyrov in the death of Natalya Estemirova".

Witnesses, mostly colleagues of Mrs. Estemirova, also said that President Kadyrov had personally insulted and threatened her, forcing her to leave Russia for a time. Mr. Kadyrov's lawyer is reported to have said that violent separatists, backed by western secret agents, were probably responsible for Mrs. Estemirova's death.

If justice is to be done in that case, all lines of inquiry must be pursued and any subsequent trials must meet international standards. I must emphasise that there is such a thing as state-sponsored violence as well. More generally in relation to all those cases, the British Government must raise them with the Russian and Chechen authorities, and stress the importance of thorough and impartial investigations to ensure that the perpetrators are held to account.

Impunity is a wide problem in Russia and one that undermines reform in a number of areas. The number of cases filed in the European Court of Human Rights against Russia has climbed sharply from 8 per cent. of all cases in 2000 to nearly 30 per cent. last year, with a number of rulings highlighting torture and judicial corruption. In her examination of politically motivated abuses of court systems across Europe, the Council of Europe rapporteur, a former German Justice Minister, found that prosecutors in Russia have "almost unchecked" power to put people behind bars and that judges are

> "subject to an increasing level of pressure aimed at ensuring convictions in almost all cases."

In addition, she points out that the practice of telephone justice—an official calling and telling a judge how to rule—has evolved for the worse. Russian judges are now so worried about making a mistake and being disciplined or dismissed that they pick up the phone themselves to ask for instructions.

A plan to give extra credit to convicts for time spent in notoriously crowded pre-trial detention facilities has been derailed because it might have resulted in the release of jailed former oil tycoon and Kremlin foe, Mr. Mikhail Khodorkovsky. The rapporteur also cited the start of a second trial against Mr. Khodorkovsky in March as one of "two emblematic cases" that cast doubt on the Russian President's professed commitment to fighting what he called in the past "legal nihilism".

I call on the UK Government to raise those concerns with their Russian counterparts and to ask the Chechen and Russian Governments to open up Chechnya to parliamentary delegations, international governmental and non-governmental organisations, academics and journalists. The all-party human rights group, which I chair, has been trying to go to Chechnya since 2002—in fact, I was in Moscow with a delegation in 2002 when we were invited to go to Chechnya. That visit has never taken place. I hope that the dates for the delegation's visit will be agreed very soon because if there is nothing to hide why not open up the area to visitors?

Mr. Gary Streeter (in the Chair): We have six minutes for two speakers.

10.24 am

Mr. Mike Hancock (Portsmouth, South) (LD): I congratulate the hon. Member for Hammersmith and Fulham (Mr. Hands) on securing the debate and on making a very coherent and well informed case. I say to the right hon. Member for Cynon Valley (Ann Clwyd) that each one of us could have cited similar stories and, time and again, we have expressed the hope that the Government would take up such matters, but today's debate is about what we can do to bring back a UK-Russia relationship that will allow the sort of representations that she talked about to be made. All of us welcome the reset button being pushed—if that is the right terminology—by the Foreign Secretary. I am sure that he would not call it that, but it is mysterious that we have heard about his visit from the Russians rather than from the Foreign Office itself. Perhaps the Minister will be able to address that point.

[Mr. Mike Hancock]

Any attempt to deal with Russia is both challenging and fraught with difficulties. That is the case not just now but traditionally. The hon. Member for Spelthorne (Mr. Wilshire) said that we cannot alter 70 years of one sort of mentality and 200 years of tsarist rule in just 18 years of a change of mood in a country. The changes that we want to see will never happen quickly in the emerging states of the former Soviet Union, and that is particularly true of Russia, the largest and most complex of those states. The issues in the Caucasus, both in the north and south, will continue to be of concern to all of us. The area is both volatile and very dangerous.

We are right to try to engage with Russia. We need the Russians for a whole series of reasons, not least non-proliferation, climate change, international economic co-operation and regional conflicts in the middle east and Afghanistan. We know how vital their role is in hopefully bringing about some sort of dialogue with Iran and we urge them not to play games on that issue, but to take a firm stance with the west on Iran, but such things will happen only if we are prepared to build a dialogue with them at all levels. It does not matter that the Prime Minister has not had a close relationship with Mr. Putin. What we need to have is a close relationship with the Russian state at all levels—whether it is with the Duma, the Prime Minister or President Medvedev. Too many issues are of mutual benefit to both of us for the stalemate—the vacuum of non-activity—to go on for any length of time.

The Defence Committee produced a very good report on UK-Russian relationships, and the Government response to it is one of the best responses that we have had from the Government on a defence paper from the Committee for some time. It is well worth a read and I commend it to all Members. However, we must deal with a number of issues, including how we get the dialogue back on track. When the Foreign Secretary returns, perhaps he will be able to tell us that he has opened doors that have been closed.

Other key issues include the Nabucco pipeline. Russia has taken one line and the west another, with one going for one pipeline—the south stream—and the other going for Nabucco. It is in the west's interest, and the UK's long-term interest, to get secure supplies of gas from Turkmenistan. We must find a way in which Russia can co-operate with making that happen. There is not enough energy coming out of Turkmenistan to supply both pipelines. We must make a decision to back the right one.

In addition, as the hon. Member for Hammersmith and Fulham said, we must address the problem of visas. I am dealing with a case of a constituent who married a British citizen and has a UK-born son who is now back in Russia, trying to get a visa to come back to rejoin her family. She is having enormous difficulties in dealing with that and it is a nonsense.

Once again, we are pressed for time and I know that the hon. Member for Kingston and Surbiton (Mr. Davey) wants to speak, but I must end by saying that we have to acknowledge that Russia is a big player by any measure that we care to use, and we need to be working and co-operating with that country. It is in our interests and the interests of Europe.

Mr. Gary Streeter (in the Chair): I call Mr. Nigel Evans. You have one minute. I am sorry; you have a bit longer.

10.29 am

Mr. Nigel Evans (Ribble Valley) (Con): My contribution will be more of an intervention than a speech, Mr. Streeter. None the less, I am grateful for having one minute.

In conclusion—*[Laughter.]* I want to ask the Minister a question. Can the Foreign Secretary, when he goes to Russia, raise a number of issues? First, one issue is clearly the British Council. Can the Foreign Secretary ensure that all our offices are open, to enable cultural exchanges and so that the promotion of education via the British Council is allowed to carry on? Secondly, regarding NATO membership for countries such as Ukraine and Georgia, Russia should not have a veto on that sort of thing.

Thirdly, regarding human rights, a number of things have already been mentioned today. However, may I also say how disturbing it is for us to read in the newspapers from time to time about the situation with gay rights, for instance, in Moscow? When there is a gay pride event, the freedoms of young people that we take for granted in this country when gay marches take place are completely denied in Moscow. The violence that takes place there, when the police turn a blind eye to the type of activities that go on to suppress and oppress young gay people, simply should not be allowed to happen in this day and age.

Fourthly, it would also be useful if Russia officially abolished the death penalty. We know that nobody has been officially executed in Russia for some time—I say officially advisedly—but it would still be useful if Russia now showed itself to be a country that recognises that the death penalty no longer has a role to play.

We know that Russia is important, as far as the United Kingdom is concerned; £100 billion worth of trade between Russia and the UK takes place every year. Russia is an important country—we know that. In the Council of Europe, on which I serve, we have tremendous relations with the Russian Members of Parliament who attend. It is useful that there is dialogue from Government to Government, but it is also vital that politicians have that dialogue, which we hope will continue into the future.

10.31 am

Mr. Edward Davey (Kingston and Surbiton) (LD): I would like to begin by welcoming the Minister for Europe to his new position in the Government. I know that it is a position that he will very much enjoy, as it goes to the heart of many of the interests and issues that he has raised in his time in the House. I look forward to discussing with him the implementation of the Lisbon treaty, when the Czech Republic has signed it.

I congratulate the hon. Member for Hammersmith and Fulham (Mr. Hands) on securing this debate. I agree with much of what he said, although what he said about the BBC gave me some cause for concern. It is quite right that hon. Members criticise the BBC and the way that it reports things; that is absolutely right in a democracy. However, the argument that the Government should intervene in BBC reporting—as he seemed to suggest—is one that I find myself in disagreement with.

Nevertheless, the hon. Gentleman's overall thesis that the Government should take a different approach to relations with Russia is absolutely right. We have seen a deep freeze. It has not been fruitful for this country, Russia or the wider world. So he is right to stress the importance of the meetings that he referred to. I agree with my hon. Friend the Member for Portsmouth, South (Mr. Hancock) that those meetings need to happen at all political levels.

The British Government's position after the crisis in Georgia sent the wrong signal, too; the Government made the wrong call on that issue. Over a period of years, the uncritical support from this country for the way that President Bush undertook relations with Russia has also hindered the influence that we have, because we are not seen to be an independent critical voice, which we need to be. Therefore, one looks at the success that President Obama has had. If we had been saying the sort of things that President Obama has been saying, perhaps we would have been a bit more successful, although we obviously do not have the influence of America.

I strongly welcome what President Obama and Secretary of State Clinton are achieving. I would argue that one of the major steps forward for our relations with Russia would be to support those achievements, because we saw President Bush almost ignoring Russia for many years. In many ways, he was almost insulting the Russians with the lack of attention and the lack of significance that he gave to American-Russian relations. We have seen how quickly a different approach is working and bearing fruit. With this different American President leading the way, there are so many goals that we can jointly achieve.

My hon. Friend must have read my notes, because his speech covered the gamut of the issues. We have seen progress and we are continuing to see progress on the nuclear issue. There are talks about cutting the nuclear arsenals. That is fantastic and critical as we approach next year and the nuclear non-proliferation treaty review conference, which could make a historic step in global nuclear disarmament.

We have also seen the very welcome step forward on ballistic missile defence. My own party was the only party in Parliament that argued that Britain should not be co-operating with the Americans on BMD and instead should be arguing against it. I am glad that we have an American President who has now taken that view as well. I am glad, not only because that will reduce the paranoia in Russia on that issue—it was paranoia—but because a sensible approach was not being taken on BMD.

We also must engage with the Russians on climate change. Everyone talks about the importance of China with regard to climate change, but Russia, with its massive energy supplies, is equally significant.

Other hon. Members have talked about Iran, Afghanistan, human rights and, of course, the significance of relations with Russia on terrorism and tackling Islamic jihad across the world. The Russians understand the dangers that Islamic jihad poses and have a lot to offer, if we can improve our relations with them.

There was an area where I disagreed with the thrust of the argument by the hon. Member for Hammersmith and Fulham. He was rightly critical of the Government, but his argument was a little unbalanced; it was almost as though Russia had not played a part in the problems of the relationship. Let us face it; Russia has caused many of the problems. If the British Government had taken a different approach, that might have worked. Equally, however, it appears at times that Moscow has no interest in any engagement from London. It is as though Russia has taken a strategic decision to make Britain the bogey man and to pile its venom on Britain, and that makes any diplomatic overtures much more difficult. I am not saying that we could not do better, but in not focusing on and understanding that point, or at least appreciating it, the hon. Gentleman unbalanced the overall thrust of his argument.

So how do we go forward? I have talked about the significance of working with the Obama team; that approach offers real opportunity. We also need to talk much more about the role of the European Union in this respect. The EU is really important. Other EU leaders are doing much better than the UK's leaders in this respect, as the hon. Gentleman said. Of course, Angela Merkel is leading that process. However, the problem within the EU, as we all know, is that many different interests are involved in its relationships with Russia. I have seen analysis of the 27 different EU member states that shows that they all have very different interests in their relations with Russia; sometimes there are competing interests. So it is not easy to get a united, concerted EU approach with respect to Russia, and I think that we all recognise that. Equally, however, when we can work more carefully together to get a united EU approach, Russia has to take notice, not just on issues such as energy or trade but on wider issues, too. The EU, with Britain playing a much stronger role and giving a greater lead within the EU on Russia, is one of the ways that we can ensure that Russia is persuaded to engage in the constructive manner that the hon. Gentleman wanted.

I pay tribute to the hon. Member for Spelthorne (Mr. Wilshire). I thought that putting the development of the Russian Federation into a historical context, as he did, was very important. In considering that historical context, I urge other right hon. and hon. Members to view the EU's role over a period. In my view, the EU is one of the greatest steps forward for humankind in history. What has evolved over a few decades to create that centre of peace and stability is hugely impressive, and it also gives lessons for how we deal with Russia, both in terms of the EU working together and in terms of understanding where Russia is coming from.

I say all that not wishing for a minute that we should pull our punches with the Russians. When they behave outrageously—particularly on human rights, whether with regard to gay pride marches in Moscow, the appalling way that they have behaved over the Khodorkovsky trial and detention, or the way that they behaved over Litvinenko—we must not pull our punches. I urge the Minister to tell the Foreign Secretary that, when he goes to Russia, he should make it clear that we will speak out about these issues; I am sure that the Foreign Secretary would do that, but I believe that he has backing from across the House to do it. British political parties across the board want to speak out on these issues and Russia has to prove itself. That does not mean that one cannot engage as well on all those other joint, shared interests.

[Mr. Edward Davey]

I just want to come back to the Khodorkovsky case, however. I hope that the Minister will assure us that that issue will be raised specifically. It is quite symbolic of how Russia approaches law and order, democracy and human rights. If Russia changed its position on the case, it would send a signal to the EU and the west about reform. A reforming Russia is a Russia that we can do business with. One dreams of a position where the strategic EU partnership, over a period of years, can bring about the reform and prosperity that Russia needs. As the hon. Member for Hammersmith and Fulham said, the rouble and the economy are in a mess. That is in neither Russia's interest nor ours. I hope that we can build on such moves forward and that the British Government will show more leadership in doing so.

10.50 am

Mr. Mark Francois (Rayleigh) (Con): It is a pleasure to serve under your chairmanship, Mr. Streeter. I congratulate my hon. Friend the Member for Hammersmith and Fulham (Mr. Hands) on securing this debate, which he introduced very thoroughly. The subject is important and timely, given US Secretary of State Clinton's visit to Russia only yesterday. I welcome the hon. Member for Rhondda (Chris Bryant) to his new responsibilities as Minister for Europe. His replacement of the previous Minister is marked out as perhaps the first Government appointment in the world to be announced via Twitter. I am sure that his predecessor was interested to be involved in that record.

I should like to mention some of the other contributions from Back-Bench Members. The hon. Member for Bridgend (Mrs. Moon) spoke about the importance of the Russia-China relationship, which we should note. My hon. Friend the Member for Spelthorne (Mr. Wilshire) argued for engagement with Russia, including via the Council of Europe, a forum of which he has considerable experience. The right hon. Member for Cynon Valley (Ann Clwyd) raised a number of important human rights questions, not least in relation to Chechnya. The hon. Member for Portsmouth, South (Mr. Hancock) did so as well and made a case for the importance of engagement.

My hon. Friend the Member for Ribble Valley (Mr. Evans), in a wide-ranging contribution—*[Laughter.]* I thought that he crammed a great deal into 90 seconds. He raised a number of issues, including human rights and gay rights in Russia. He was followed by the hon. Member for Kingston and Surbiton (Mr. Davey), who also argued for engagement with Russia, particularly under the auspices of the European Union.

Britain's relationship with Russia is important to this country. Russia is economically important again, is a member of the G8, maintains large armed forces and is one of the world's biggest energy exporters. On top of that, Russia has considerable diplomatic weight in the world. It is a permanent member of the UN Security Council and has influence in key areas of concern such as Iran, North Korea and Afghanistan. Our two countries have great mutual interests and potentially strong grounds for co-operation. Anglo-Russian trade, for instance, is large and has great potential. Despite the BP and Shell sagas, Britain is the largest foreign investor in Russia. Britain and Russia have joint concerns about Islamic fundamentalist terrorism, nuclear non-proliferation and climate change—issues that should be of concern to all of us.

Given that great potential for co-operation, it is regrettable that Russian actions in a number of areas have harmed what could and should be a mutually beneficial relationship. One such area is human rights and includes Russia's refusal to extradite Andrei Lugovoi—the man accused of murdering British citizen Alexander Litvinenko in our capital in a particularly cruel and horrifying manner that put many Britons at risk. There is also the continuing detention without trial of business men involved in the break-up of the company, Yukos—a matter discussed in detail by my hon. Friend the Member for Hammersmith and Fulham—and the failure to investigate properly the death of Anna Politkovskaya, which we believe the Russians should make greater efforts to follow up. Forgive me if my pronunciation is not correct; the Minister knows who I am referring to. We should also not forget the harassment of the British Council and the British Broadcasting Corporation—a subject raised by several hon. Members during this debate.

A further direct action by Russia that undermines trust is the resumption of Russian bomber patrols close to our coast. In one of the latest reported incidents, a Russian Blackjack—a nuclear-capable and supersonic bomber—flew within 20 miles of Hull. That is an unnecessary throwback to the days of the cold war and does not improve Anglo-Russian relations.

I have touched on the subject of British investment in Russia, but the harassment of BP and Shell investments in that country, which effectively forced those businesses to hand over some of their best assets to Russian companies, might now be seen even in Russia as counter-productive. With Russian energy assets starved of investment and medium-term forecasts of decreasing production, Russia seems to have begun to realise that continuing foreign investment is desirable. Last month, Prime Minister Putin hosted the world's major oil companies in Siberia, promising them:

> "We would like you to consider yourselves participants in our undertaking. The main condition from our side is that partnerships should be stable and long-term."

President Medvedev's emphasis on the rule of law for Russia is right, and we eagerly await evidence that it is creating tangible results.

As well as our bilateral relationship, Russian involvement could be influential in a number of global problems. It would be highly desirable to gain Russian support in Iran. The recent discovery of the Qom enrichment plant has heightened fears that Iran is close to developing nuclear weapons capability. It is hoped that further talks, backed up by the threat of further sanctions, will persuade Iran to allow the International Atomic Energy Agency full access to its facilities.

For those reasons, it is welcome that US Secretary of State Hillary Clinton visited Moscow yesterday in an attempt to gain Russian support. Russia has a major role to play in the international community's dealings with Iran and, judging by yesterday's statements by Russian Foreign Minister Lavrov, it may have begun to take seriously its responsibilities in that area. Hillary Clinton, for her part, said that the talks were "extremely co-operative". The next few months will demonstrate whether that is really the case.

Afghanistan is also key to our relationship with Russia. Russia has as strong an interest as we do in the denial of Afghanistan to those who would seek to use it as a base for terrorism. Russia has a unique knowledge of Afghanistan that dates back to the days of the great game and beyond, and it is important strategically as a route for overflights to the UK. It is hoped that Russia will continue to use its influence to aid the international security assistance force mission in Afghanistan. I believe that the Foreign Secretary will take up that issue when he visits Moscow in November. The Minister may want to say a little more about it when he replies in a few minutes.

Few people would contend that the UK's bilateral relationship with Russia, despite our many mutual interests, has not been somewhat strained over the past few years. It was hoped that the election of President Medvedev would lead to a warming in relations, to the benefit of both countries. Unfortunately, despite President Medvedev's arrival, that has not happened. A Conservative Government would welcome a positive relationship with Russia based on mutual respect. We respect Russia as a great and historic power, but that respect must be mutual. We do not believe that relationships between countries should be simply a zero-sum game. Those who believe that tend to find themselves long-term losers. In dealing with Russia, it is important to assess her not just by what she says but by what she does. *[Interruption.]* I wonder whether that noise is the Russians attempting to contact us as we speak.

As the shadow Foreign Secretary, my right hon. Friend the Member for Richmond, Yorks (Mr. Hague) has said,

"With a Conservative Government, the door will be open to improved relations with Russia. We shall see if a door opens in return."

It is to be hoped that that door will open, and that we will be able to enjoy an engagement that is to the mutual benefit of our countries and to that of other countries around the world.

10.49 am

The Minister for Europe (Chris Bryant): Like my right hon. Friend the Member for Cynon Valley (Ann Clwyd), I think this is the first time that I have served under your chairmanship, Mr. Streeter, and it is a great delight to see you in the Chair.

It is also a delight to reply to a debate secured by the hon. Member for Hammersmith and Fulham (Mr. Hands), whom I consider to be a friend. We have co-operated on many issues relating to Russia in the past, and I hope that we will do so in the future. I note that he adopted an uncharacteristically aggressive and partisan attitude. I would respond in kind and be partisan, but it might be of more use to the House if I were co-operative. It is good to see so many hon. Members present, and I think that they all have a clear understanding of the significance of this relationship and its problems. The path that we must take is not straightforward.

Russia is obviously a great nation. It has a great sense of pride, which we respect. It was fascinating to see how many British people wanted to see the "From Russia" exhibition in 2008, for which we had to change the law so that some of the artworks could come to the UK. Russia holds a degree of fascination for British people, as it has for many centuries. We would never want to alienate ourselves from a nation that has produced such greats as Andrei Rublev—undoubtedly the greatest icon painter in history—and literary figures such as Tolstoy, Chekov, Sholokhov and Solzhenitsyn. We need a firm-but-fair relationship, and that is what we strive for.

Russia and the UK are key allies, but there are undoubted problems, as many hon. Members have said, one of which is the situation with Georgia. Russia's continuing presence in Abkhazia and South Ossetia is an ongoing problem for us because we believe, as does the rest of the European Union, that Russia is not meeting its obligations. There are problems in relation to energy security. Although only 2 per cent. of the UK's gas comes from Russia, the figure for the EU is 40 per cent. Russia is therefore key to the EU's energy security. There are problems with human rights, which I will amplify later. The most notable problem in recent years has been the Litvinenko case.

The Foreign Secretary's visit in the next few weeks will be important, and we hope to make significant progress in our relationship with Russia in the near future.

Mr. Watson: Should the Foreign Secretary raise the Khodorkovsky case on his visit? If so, will he?

Chris Bryant: Yes, I am sure that my right hon. Friend will. I hope to speak about that case in more detail later. It is an issue that I raised when I was a Back Bencher.

The key areas where Russia and the UK have to work together are climate change, which has been mentioned, and counter-proliferation, which relates not only to nuclear weaponry, but to the security of fissile material, on which the UK and Russia have worked closely for a number of years. It is not only the US and Russia that have moved this issue forward. Our Prime Minister has taken a key role, because we want to see a comprehensive test ban treaty and to ensure that the nuclear arsenals around the world diminish. We have made a significant contribution by cutting our nuclear weaponry by three quarters. We are prepared to go further if it will help the process. Although no one has mentioned it, Russia also plays an important role in the middle east peace process.

The hon. Gentleman started with a broad attack on the Prime Minister, of whom I gather he is not an enormous fan. Unfortunately, he made many errors. He said that the Prime Minister has never met the Russian President.

Mr. Hands: Will the Minister give way?

Chris Bryant: I will not, because I have only a few minutes and a great many issues to reply on. The Prime Minister has met President Medvedev twice this year; the Foreign Secretary has regular dialogue with Foreign Minister Lavrov; and the Secretary of State for Energy and Climate Change was in Moscow earlier this month to build momentum towards Copenhagen.

Mr. Hands *rose—*

Chris Bryant: Will the hon. Gentleman restrain himself and wait for a moment? We try to maintain relations at the highest level that is possible and suitable.

Mr. Hands: My question was whether, since he became Prime Minister in 2007, the right hon. Member for Kirkcaldy and Cowdenbeath (Mr. Brown) has met Prime Minister Putin, including in his previous guise as President Putin. I have been refused an answer on that matter in many parliamentary questions. Has he met him or not?

Chris Bryant: I am sorry; I misunderstood what the hon. Gentleman was asking. He referred to the President and I thought that he was referring to President Medvedev. I am happy to come back to him on the question that he has raised.

Contrary to the hon. Gentleman's comments, there has been a great deal of engagement between this country and Russia in relation to climate change and counter-proliferation. We believe that there are important movements in Russia's position in relation to Iran and North Korea. We welcome those moves, not least the meeting that took place yesterday. However, Kremlinologists have interpreted the meaning of yesterday's conversations between Mrs. Clinton and Mr. Lavrov differently. We have also worked closely with Russia on counter-narcotics and Afghanistan—something that has been very helpful.

The hon. Gentleman said various things about the World Service. Although one wants to be critical of the BBC at times, it would be wholly inappropriate for Ministers to analyse the rights and wrongs of its editorial decisions. The absolute integrity and independence of the World Service is part of what guarantees its reach and its ability to make a difference in places such as Russia.

The hon. Gentleman referred to the Litvinenko case. He knows that I have raised that issue many times. The courts have issued a warrant for the arrest of Andrei Lugovoi on a charge of murder. That warrant remains valid. We do not resile from that position. It was a horrific crime that was committed against a British citizen on UK soil. The Government have worked hard to support the Crown Prosecution Service and will continue to do so. We do not believe that Russia has co-operated satisfactorily on our requests. We will continue to seek his trial before the UK courts.

The hon. Gentleman and my hon. Friend the Member for West Bromwich, East (Mr. Watson) asked about Mr. Khodorkovsky. We have raised that issue with Russia and will continue to do so. We raise the issue of human rights with all countries where there are significant issues.

The speech of the hon. Member for Ribble Valley (Mr. Evans) was the best that I have heard today, by virtue of its brevity. He raised the issue of gay rights in Russia. We do raise that matter and our embassy tries to be supportive of British people who try to go there to take part. I think that I am right in saying that the mayor of Moscow, whose comments on these issues are deeply offensive, is in the political party that is aligned with the Conservatives in the Council of Europe. The hon. Gentleman may want to raise those issues in the party grouping, although such groupings are a difficult issue for the Conservative party at the moment.

My right hon. Friend the Member for Cynon Valley asked whether it would be possible to visit Chechnya. I will look into that matter, but it is obviously difficult. She is a very brave woman, as we all know—we certainly know it in south Wales. She visited Iraq when it was very difficult for anybody to do so. She has played an important long-term role in human rights issues. We continue to raise such issues through the EU's dialogue with Russia. She raised the case of Anna Politkovskaya. Press freedom is vital and it is impossible to have a free society when there is impunity when journalists are killed. Becoming a free society is the best direction in which Russia could move. The problems with Russia's criminal justice system are well documented.

My hon. Friend the Member for Bridgend (Mrs. Moon) raised some of the same issues and has taken a significant interest in such matters. I hope that we can keep up that dialogue. She, too, is a near neighbour in the south Wales valleys, so we are well represented in this debate.

UK Grocery Market

11 am

Andrew George (St. Ives) (LD): I hope you will agree that this is also an excellent debate, Mr. Streeter: it is certainly important to many hon. Members. Many organisations too, will be following the debate, particularly as we are at a crucial stage in the negotiations of the plans, which I shall explain in a moment, originally proposed by the Competition Commission following a lengthy inquiry into the grocery market sector.

Many people may question whether it is appropriate to have any kind of debate about the role of the grocery market sector within the UK in the context of development policy, but today I would like to explore with the Minister the importance of association with such a crucial, leading sector in the UK and development policy itself. I shall also discuss the widespread and growing concern about how the market operates in the UK and the impact of that on developing countries. I welcome the Minister here today and I am pleased to have secured the debate.

I begin by declaring an interest in that, among my many other sins, I am the chairman of the Grocery Market Action Group, which was set up in July 2006 at the commencement of the Competition Commission's inquiry into the grocery sector. Some of the members of that alliance of organisations are ActionAid UK, Traidcraft and Banana Link. The clear impact on suppliers of the supply chain to supermarkets means that organisations such as the Association Of Convenience Stores, the Rural Shops Alliance, the British Independent Fruit Growers Association, the British Brands Group, and the National Farmers Unions of England and Wales and of Scotland are also members of the Grocery Market Action Group. They have been involved in jointly supplying a case to the Competition Commission during its inquiry.

It is important to understand the context in which I am asking the Minister to respond. The issue is the role of supermarkets at the end of the grocery market supply chain, about which there have been concerns for some time. Indeed, in 1999, my hon. Friend the Member for South-East Cornwall (Mr. Breed) undertook an inquiry into the role of the supermarket from the perspective of both UK planning and the impact of the power of the supermarkets within the supply chain itself. The inquiry considered the manner in which the supermarkets were able to dictate market conditions for all other operators in the supply chain, particularly producers.

The report produced as a result of that inquiry was entitled "Checking out the Supermarkets," and was sent to the competition authorities. As a result of that and other concerns expressed at the time, in April 1999, the then director general of the Office of Fair Trading referred the matter to the Competition Commission, which undertook an inquiry and, in October 2000, produced a report on the supply of groceries from multiple stores in the United Kingdom. That report recommended the establishment of a supermarket code of practice.

In September 2003, the Competition Commission produced a report on the Safeway merger, which raised further issues about the impact of the effective concentration of power in the supermarket sector. In February 2004, the OFT produced a report on its inquiry into the workings of the supermarket code of practice, which was implemented as a result of the Competition Commission's report that I mentioned. In March 2005, the OFT produced a second report on the code of practice and, by May 2006, it referred the grocery sector to the Competition Commission. The issue therefore has a long pedigree.

By that stage, many organisations had become frustrated. They felt that action was required to curtail or control the excessive power in the supply chain of supermarkets, which were able to dictate market conditions and force suppliers to accept conditions and terms that were clearly to their detriment; and that it was time one of the competition authorities did something about the issue. It has taken two years for the Competition Commission to complete its inquiry. The organisation—the alliance—that I have chaired and convened during that time has submitted a number of proposals to the Competition Commission during its inquiry. The proposal for an adjudicator—or, to use the Competition Commission's term, an ombudsman—to oversee the sector and ensure that a code of practice is properly imposed is particularly relevant to today's debate.

On 13 March last year, I attended an evidence session with the Competition Commission, of which there is a record, and on 30 April 2008, it produced its final report on the UK grocery market. The Government produced their response on 29 July last year. Crucially, the Competition Commission concluded that there was a

"transfer of excessive risk and unexpected costs to suppliers"

which

"if unchecked will have an adverse effect on investment and innovation in the supply chain, and ultimately on consumers".

It recommended the establishment of an ombudsman to oversee a code of practice. The critical point is that the supermarket code of practice was found to have failed in the sense that suppliers living in a climate of fear feared the consequences of making any kind of complaint. The supermarket code of practice had become relatively useless. The Competition Commission therefore proposed having an ombudsman to oversee what was happening and to provide a point to which future complaints could be directed.

The impact of the problem on the developing world is significant. The point that a number of development organisations—ActionAid UK, Banana Link, the Fairtrade Foundation, Traidcraft, Oxfam and others—have been making for a number of years is that what is relevant to UK suppliers is just as relevant to suppliers from developing countries. There is currently a price war between supermarkets on bananas, for example, and that is clearly having a detrimental effect, not so much on the supermarkets, but on the primary producers in developing countries. Indeed, the Fairtrade Foundation's director of communications and policy said in a press release last week:

"Price cuts serve only to devalue bananas yet further, creating a false illusion amongst shoppers that they can be sustainably produced for such give-away prices...This is highly irresponsible at a time when farmers and workers across the developing world are facing their own economic crisis, as well as battling the growing effects of climate change."

The impact on developing countries comes in several forms. The concern relates not only to the supermarkets' ability to force down prices, as they do here in Britain,

[Andrew George]

but to the impact that that has on terms and conditions. Often, the supermarkets do not enter into written contracts and retrospective changes are made to agreements, and when the buyers come back to their original suppliers they often charge for shelf space. Promotions are often conducted at the expense of the suppliers: buy one, get one free offers are not, in fact, the gift of the supermarket, but something the supplier is required to provide for the supermarket. Several practices set out in the Competition Commission's report show that what the supermarkets are doing is extracting wealth from suppliers. It is appropriate to note that, in these recessionary times, supermarkets are posting record profits. Someone is hurting, but it is clearly not the supermarkets.

A further argument being made by development charities and others relates to the impact on labour standards in developing countries. As the Under-Secretary of State will be aware, on 4 August this year, the Competition Commission recommended that the Government establish the post of ombudsman. That area is the responsibility of the Department for Business, Innovation and Skills, and the post held by his colleague the Minister of State at the Department for International Development straddles both Departments. There will, no doubt, be discussions between both Departments, but the commission has clearly recommended in its report that the role of the ombudsman must be established because the supermarkets have failed to adopt the scheme voluntarily. From 4 August the Government had 90 days to respond and make a decision—three weeks away now.

As the Minister may be aware, I also raised the issue at Prime Minister's questions on 4 February, asking:

"Does the Prime Minister agree that the commission's proposed remedies to tackle this problem should now be implemented without further delay?"

The Prime Minister replied:

"The hon. Gentleman is absolutely right to highlight this problem—first, because of the failure to introduce early payment to many of the suppliers, we are asking the supermarkets to do that. Secondly, in relation to developing countries, we have been in talks with supermarkets such as Asda about how they can source their produce from those countries at a fair price. We will continue to push that as quickly as possible."—[*Official Report*, 4 February 2009; Vol. 487, c. 844.]

This is an important matter. We are entering a crucial stage in the negotiations. Clearly, many organisations that are suppliers of supermarkets are looking out to see what the Government will do. It is very rare that a Government reject the clear recommendations of a competition authority, which has a responsibility to fulfil its statutory duty by assessing a particular case independent of the Government. The Competition Commission has acted in a responsible manner in this case.

I have several questions for the Under-Secretary. What discussions has he or his colleague, the Minister of State, had with BIS, with regard to the Competition Commission's request that the Government implement its recommendation? Has the Minister or his Department discussed the matter with other Departments, such as the Department for Environment, Food and Rural Affairs, or with their contacts in developing countries, which clearly have an interest in the matter? What assessment has his Department made of the benefits that an ombudsman would bring to suppliers in developing countries? In what circumstances would the Government ever reject the recommendations of a competition authority, such as the Competition Commission, when it has engaged in such lengthy inquiries into such an important matter? Will his Department make a statement, in parallel with BIS, in the first week of November to indicate how that Department's decision will impact on suppliers from developing countries?

11.17 am

The Parliamentary Under-Secretary of State for International Development (Mr. Michael Foster): I begin by congratulating the hon. Member for St. Ives (Andrew George) not only on securing this important debate at such short notice, but on his long-standing interest in development—an interest you share, Mr. Streeter. I welcome the opportunity to make a few observations on his comments.

Around the world, 2 billion people depend on agriculture for their livelihoods. The fragility of the world food system was highlighted during last year's food price crisis. When those price increases came through, they trapped an estimated 150 million additional people in poverty and pushed the number of hungry people to more than 1 billion worldwide. We urgently need to support poor farmers and consumers to deal with fluctuating markets and survive the current global economic downturn.

The UK supermarket sector, as the hon. Gentleman has so clearly demonstrated, has a critical role to play in that. It is worth more than £100 billion a year, and its purchasing decisions make a huge difference to the livelihoods of producers in developing countries. So far, the UK has led the way in developing African horticulture to supply our markets. Altogether, British consumers spend more than £1 million a day on fruit and vegetables from Africa, and there is an important debate, because of that flow of goods, about the interaction between development and environmental sustainability.

I will take this opportunity to speak about the argument relating to food miles, because the hon. Gentleman has an interest in that area as well. As a Department, we make it clear that, with about 1 million farmers in Africa and their families relying on the fruit and vegetable trade in the UK and depending upon their earnings to get their children through school and to care for them when they are sick, it is important that UK customers do not make their purchasing decisions on the basis of food miles alone.

The distance that food has travelled is an incomplete argument about how sustainable the food that we eat is, and it is important for customers to recognise that when they make ethical consumer choices. In Kenya, for example, small-scale farmers bring their beans to the Kaviani sheds in Machakos district. Each week they sow, weed and pick green beans, and each week they earn an income of around £20, which they can invest in their children's education.

One of the problems in Africa is not so much the availability of food but its affordability. People literally do not have enough money to purchase the food that they need. Exporting commodities, typically food such as the Kenyan beans, is an essential part of any economic growth strategy to increase incomes and reduce poverty. It is the same for small-scale farmers who produce

coffee and sell it on international markets. They do so to be able to buy food locally for themselves. The hon. Gentleman made an important point.

The hon. Gentleman referred to the groceries supply code of practice. When it comes into force in February 2010, it will help to ensure better outcomes for both producers and consumers in the international grocery market. It will achieve that by ensuring that supply agreements are in writing and incorporate the code. The number of designated retailers will increase from four to 11, and they must have trained compliance officers. Certain practices will be prohibited, and the new code will ensure that disputes are resolved through fair and legally binding independent arbitration.

We are still assessing the Competition Commission's proposal to establish an ombudsman to monitor and enforce the code of practice. The proposal raises several complex issues, and we need to consider its potential impact on consumers and the wider economy. We intend to make a decision on that later this year.

The Competition Commission believes that the benefits of effective enforcement and monitoring by an ombudsman would accrue from future investment and innovation due to increased confidence on the part of suppliers. However, we think that the evidence relating to the argument about those benefits is insufficient at present, which is why we want to do a more careful analysis to inform a future decision. An ombudsman would, of course, generate additional costs that would be borne by the retailers, but our view is that, although such costs are likely to be passed on to consumers, they would not constitute a material increase in consumer prices.

Little is known about the potential impact of either the code of practice or an ombudsman on developing countries. Frankly, analysis has not been undertaken on the issue. It is reasonable to consider that, in theory, the code will provide benefits such as increased investment for developing countries, as it would in the UK supply chain. However, in practice, the number of suppliers in developing countries who would engage with and make use of the code of practice or an ombudsman would be relatively low, so that the benefits would likely be insignificant. We think that the Government can operate in a more effective way to improve the livelihoods of poor farmers in developing countries.

Andrew George: I certainly appreciate the Minister's point that an ombudsman could have a low impact, but even if very few complaints were pursued through the supermarket code of practice, the existence of an ombudsman and the code, if they have real teeth, would have a widespread impact. As he says, the cost could easily be borne, particularly by a sector that is posting the largest profits in its corporate history.

Mr. Foster: I understand the hon. Gentleman's point, and I assure him that, over the coming weeks, the Government will keep in contact with him on this issue, which he has pursued with vigour for some time, so that we can deal with his concerns.

I should like to put on the record the commitment that my Department has to ensuring that agriculture and food security are given the highest attention not just in the UK but internationally. In the White Paper that we launched in July, we set out our commitment to provide more than £1 billion to fight hunger and to increase food production in the poorest countries. We will provide at least £1 billion a year to support growth and trade over the next three years.

In the White Paper, we laid out a commitment to increase our support for fair and ethical trade fourfold over the next four years. At the weekend, we announced a commitment of £12 million over the same period for Fairtrade. We therefore hope that, by 2013, we will have doubled the number of individual producers accessing the benefits of fair trade. At present, 2.2 million people will directly benefit. We hope that that benefit will extend to their families and affect some 7.5 million people all told.

Andrew George: I very much appreciate what the Minister is saying about fair trade and extending the work of the Fairtrade Foundation, which is extremely welcome, but I wish to get back to the point of this debate: the implementation of the supermarket code of practice, which will happen anyway, because the Competition Commission has the power to introduce it. The question remains, and we have only days to consider it, as to whether his Department will exert pressure to ensure that BIS looks seriously at the commission's recommendation to establish an ombudsman. There is an indication in what he has said that it may not, but it would surely be a first if there were a failure to implement the recommendation of an important commission.

Mr. Foster: The hon. Gentleman may have misinterpreted what I said. Of course we will have discussions with BIS. My point was that we do not have sufficient evidence to show the direct impact of an ombudsman on developing countries. Although there is a logical argument to be made, and we will make it, we do not have the depth of evidence required to prove the impact of an ombudsman on developing countries. That was the point I was making.

Our work on fair trade will produce other benefits in boosting the impact on the developing world. We expect that the global sales value of fair trade certified products will treble over the next four years. We think that that is a fair way of doing business.

The hon. Gentleman mentioned bananas. There was a major piece in one of the Sunday papers on banana prices. I have discussed the matter with the Fairtrade Foundation and wish to put on the record for interested consumers who may be following this debate or reading *Hansard* that those supermarkets that have gone 100 per cent. fair trade on their bananas have committed to not joining what I consider to be an unhelpful price war. Something that I did not realise some 30 years ago when I used to stack bananas on shelves was that they were often used by supermarkets as loss leaders to get customers into their shops.

We will continue to support ethical trading initiatives, as we have since 1999, and to work with the food retail industry to develop responsible supply chains that will provide equitable opportunities for small and poor producers and enable them to connect with the market.

The food retail industry challenge fund will help retailers design new business models that will bring millions of farmers into fairer and more profitable trading relationships with UK consumers. We made available a fund of some £2 million to make partnerships work for the benefit of farmers, particularly in Africa.

[Mr. Michael Foster]

Helping poor farmers to increase their crop yields, giving them the support that they need to trade their goods internationally and ensuring that they can earn a fair price are all fundamental to helping lift millions of people out of poverty. I reassure hon. Members that DFID will continue to work with Governments and businesses around the world to support poor farmers and their communities.

11.30 am

Sitting suspended.

City of London

[CHRISTOPHER FRASER *in the Chair*]

2.30 pm

Mr. John Grogan (Selby) (Lab): Mr. Fraser, it is a great pleasure to serve under your chairmanship, although I fear that we are both absentees from the Select Committee on Northern Ireland Affairs this afternoon. I hope that the Chairman will forgive us.

About two years ago, I went on a course entitled "An introduction to the City", organised by the excellent Industry and Parliament Trust. During week 4, one of our number—there were meant to be 10 of us there—was missing. That person turned out to be my hon. Friend the Member for Burnley (Kitty Ussher). We inquired as to her whereabouts and found that she had been made Minister with responsibility for the City after just three weeks on the course. I did not receive similar preferment; I just got a certificate at the end of the period.

I am glad that my hon. Friend the Member for Portsmouth, North (Sarah McCarthy-Fry)—the successor to my hon. Friend the Member for Burnley as Exchequer Secretary to the Treasury—will be replying to the debate. Her rise has been similarly meteoric. At one stage in the summer, for one week, she was in the Department for Communities and Local Government and, having solved all the problems there, was rightly promoted into the Treasury. I suspect that her meteoric rise will continue. She is a tweeter on Twitter with 400 followers and it would be the height of my political career if today's debate got a little mention in a tweet later on.

Yesterday, in the Library, an hon. Member asked me, "Why are you interested in the City? What is behind this debate?" I could have mentioned the Industry and Parliament Trust course that I attended, or my economics degree—half an economics degree; I got the other half in history—but I should have said that the City has an impact, for good and bad, on the whole of our economy. That is as true for a northern Member of Parliament as for any other MP in the country. The City has much to take pride in, including its history and the fact that, every day of the working week, 340,000 people pile into the City, which has a resident population of only 8,000. The City should take great pride in underwriting ventures across the world, providing seed corn and capital to entrepreneurs starting up new ventures and businesses in each generation. Equally, the relatively mundane business of making markets, providing liquidity and dealing in foreign exchange all have their value in a market economy. Some of my best friends work in the City.

Another virtue of the City in recent years is social mobility, of a kind. The background of people who work in the City has been transformed in the past 20 or 30 years, since the big bang. I chair the all-party group on Ukraine, which has led me to a new understanding of the internationalism of the City and how people from all round the world work there, contributing to all sorts of firms and often returning to work in their home countries with an understanding of Britain and our economy. All those things are to the good.

I am an avid reader of the *Financial Times* and have been since my first Labour party meeting at the age of 15. I sat through the meeting and, at the end, one of the older members of the party—there were only about 10 there—who was well into his 70s beckoned me over

and asked what paper I read. I told him that I read *The Guardian* and he asked why. I knew that he did not have much of an education himself, so I thought, wrongly, that perhaps he was saying that I should read *The Mirror* or something like that. But he said, "*The Guardian* is biased." I asked what he meant and he told me that he always read the *Financial Times*, which was his paper of choice. He said, "It has to tell the truth because the political and economic elite read it, so this is the paper you should read, my boy." I have to say that although I have stuck to *The Guardian*—there is something about reinforcing our own prejudices, is there not?—I also read the *Financial Times* occasionally. Over the summer, it has indeed been the paper for people to read if they have any interest in the City.

Lord Turner of Ecchinswell, chairman of the Financial Services Authority, made a remarkable speech earlier this summer questioning the social usefulness of parts of the City. I realise that I am quoting him selectively, but let me read a couple of lines from his speech. He said:

"Parts of the financial services industries need to reflect deeply on their role in the economy, and to recommit to a focus on their essential social and economic functions, if they are to regain public trust".

Lord Turner continued:

"there are good reasons for believing that the financial industry, more than any other sector of the economy, has an ability to generate unnecessary demand for its own services—that more trading and more financial innovation can under some circumstances create harmful volatility against which customers have to hedge, creating more demand for trading liquidity and innovative products; that parts of the financial services industry have a unique ability to attract to themselves unnecessarily high returns and create instability which harms the rest of society."

That remarkable speech was given in the Mansion House. He got to some of his audience, because they started criticising him in *The Daily Telegraph* in the days following the speech for the way he tied his bow tie. Apparently, he is a clip-on man. I am a clip-on man as well.

Mr. Mark Field (Cities of London and Westminster) (Con): Without talking too much about ties, I have to admit that I, too, am a clip-on man.

On social usefulness, surely one of the biggest problems that we face, and one reason for the catastrophe in financial services, is the sub-prime market. From the mid-1990s, in the United States of America, it was those who thought there must be more social usefulness in relation to financial services who tried to persuade a huge group of people who should not have had financial products to go that way. Much as Lord Turner may have concerns about social usefulness, when politicians or those with an interest in politics try to impose social usefulness in this area, it can often go awry.

Mr. Grogan: The hon. Gentleman makes a fair point, but we should not let the City alone be interested in the City. As I will mention in a moment, quite a few of the reports on the City in this generation have been written largely by City practitioners. A wider group of people should be involved in things like the Bischoff report, for example, which was commissioned by the Treasury, because in that way we get a more holistic view of social usefulness.

Bob Spink (Castle Point) (Ind): I am a James Bond man: I actually tie my bow tie.

I am delighted that the hon. Gentleman has said that we should take pride in the City and what it does. The City does an honourable job. Its 340,000 workers come from around this region—some 6,000 of them are my constituents. They do a fantastic job and probably create more for Britain's economy on the international scene than any other sector. I accept that there are major problems, particularly with bonuses, but only for the very highest-paid in the City.

Mr. Grogan: The hon. Gentleman puts his case in a balanced way. Let us not think that it is only Lord Turner who says such things. Incidentally, Lord Turner was also criticised at one point for being "Red" Adair Turner, and it was said that he was only speaking as he did because of his links with the current Government. However, having read the Sunday papers, I note that he is also held in high esteem by the Opposition Front Bench and is perhaps destined for a role in the Bank of England. His views cannot be dismissed so easily.

Stephen Green, another establishment figure, who is chairman of HSBC and the British Bankers Association, and also an ordained Anglican priest, published a book this year. He said:

"The industry collectively owes the real world an apology for what has happened and it…owes the real world a commitment to learn the lesson,"

Paul Tucker, deputy-governor of the Bank of England, said, under the dome of St. Paul's cathedral:

"We can't give meaning to our lives and have a financial system and economy of integrity purely on the basis of self-satisfaction… We need to have a sense that what we're doing is socially acceptable."

I have reflected on my reading of the *Financial Times* over the summer and thought about what value there is in any of those criticisms.

Another report, which I recommend to hon. Members, was produced in the summer by the centre for research on socio-cultural change at Manchester university. Manchester is a traditional centre of all sorts of industries, including manufacturing, and services and perhaps has a slightly different perspective. The report was written by a variety of people, including some academics and some people with experience in venture capital and so on. They came up with a number of reflections and I shall go through a few of them and then make one or two concrete suggestions.

First, the authors of the report reflected on the fact that, in this generation, the reports done on the financial crisis have largely been insider jobs. The Bischoff report was commissioned by the Treasury. Of the eight people who were the secretariat or the sherpas for that report, seven came from the City of London; only one was a civil servant. Looking at some of the previous inquiries on finance, I think that the Wilson committee was active in the 1980s, Macmillan did a report in the '30s, and the Radcliffe committee worked in the '50s. A much wider range of people were involved in the reports and in coming to the conclusions that those committees reached. Those reports stood the test of time for a generation—I studied them when I was doing my economics A-level and degree. In this generation, there perhaps has not been an outside look at the City following the financial crisis.

[Mr. Grogan]

Secondly, the report from the centre for socio-cultural change at Manchester university produced interesting figures on tax and employment. Of course the City of London has been a big generator of tax—£203 billion in a five-year period—but, to put that in perspective, there has obviously been a big financial cost, because the City has operated in a very procyclical way. The International Monetary Fund calculates that the direct up-front financing cost to the UK taxpayer has been £289 billion in the past year, which includes the cost of the bank recapitalisation fund, the special liquidity scheme and nationalising Northern Rock and Bradford & Bingley. The IMF calculates that if all the Treasury loans and guarantees are added to that, the figure could be more than £1,000 billion. There has been an economic cost, which has been felt by ordinary people in my constituency.

Dr. John Pugh (Southport) (LD): It is probably worth observing also that in the City there are a number of very highly paid organisations that specialise in telling other people how to avoid paying tax.

Mr. Grogan: Indeed, that is true. The tax benefit from the City is not all one way; we can summarise the position like that. There is a big employment impact from the City and it is not just in the City of London. The financial services sector is an important employer throughout the United Kingdom, although many of the very high-value wholesale jobs are concentrated in the City of London. I generalise, but there are more retail banking jobs in the rest of the country. Some academics have argued that our economy has become imbalanced: Baumol, for example, argues that there is only a certain number of natural entrepreneurs in an economy, and if the economic rent is greater than the value in a particular sector of the economy, it sucks in so much of the entrepreneurial talent that there are fewer entrepreneurs in other sectors of the economy. That may have happened in the City in recent years.

Finally, the authors of the Manchester report question whether some banking activities are what they characterise as a "great transaction machine". They do not say that there has been too much lending, but that there has been the wrong sort of lending—not a bubble economy, but certain bubble sectors, with about 40 per cent. of bank lending on property and more than a quarter on financial intermediaries. What they characterise as productive business investment has stayed much the same throughout the period, at about 10 per cent. of GDP. They calculate that the amount of bank lending that goes to productive business investment has declined from 30 to 10 per cent. They would say that the very highly paid employees in many of the integrated banks have had a common interest with some of the shareholders in the banks in having as many transactions, often obscure transactions, in derivatives as possible. The banks have certainly produced a lot of our profits. At one stage, about a third of all profits of the FTSE 100 were produced by banks. Again, however, that has not been stable and there has been a cost for many of my constituents who have faced the downturn.

When in doubt, a politician should produce a 10-point plan, so I shall rattle through 10 suggestions that have been made for reform of the City, concentrating on some more than others. The first, which is very much the Government-sponsored idea, is to increase capital requirements in the banking sector. That is good as far as it goes, but we have to reflect on the fact that, just before many of the banks were brought in to see the Government, they were saying that they were meeting all the capital requirements at the time. As we saw in the various television programmes over the summer, bemused bankers were brought in to meet the Chancellor of the Exchequer, assuring him that they did meet the capital requirements. Of course it is easy to get round capital requirements, as various observers have pointed out. One danger is that banks may take on even more risk to sustain high returns on equity. Another is that banks will find a way round higher capital requirements via off-balance-sheet vehicles and exploitation of derivative strategies and so on. That is a risk.

Moving on to my second suggestion, a variety of people have commented that banks are now too big to fail. Given that they are essentially backed by a state guarantee and that things such as the Glass-Steagall Act in the United States have long since been abandoned, a number of people have advocated a return to simpler banking—narrow banking, as some academics refer to it. John Kay, a distinguished economist who taught me economics many years ago, is a strong advocate of narrow banking—of separating casino banking, if I can characterise it like that, and utility banking. He says, for example, that we should have a system in which a Lehman Brothers should be allowed to fail. A bank should not be so interconnected with the rest of the banking system and counterparties and so on that the consequences of its failing are so disastrous for the rest of the economy.

Mr. Mark Field: Although broadly I very much agree with that point and I think that in time the failure of Lehman Brothers will not be seen as the great mistake that conventional wisdom suggests it is, is not the problem the nature of the guarantee? Whereas all of us would accept, I think, that depositors should have their interests guaranteed—there is now an implicit if not an explicit guarantee that all deposits will be guaranteed by the Government—the difficulty that arose in relation to many of the banks that have had problems in the past 12 months is that bond holders also had that guarantee. The extension of that guarantee is relevant in relation to the idea of institutions being too big to fail. The issue is not simply size, but the nature of the guarantees that any Government give.

Mr. Grogan: I accept that point absolutely. The problem will not go away. I was referring to whether we should divide the banking system so that the public are less at risk from failures in investment banking, essentially, and so that there are fewer links into the retail banking sector. Let us consider, for example, the failure of the big insurance firm AIG in the United States. Basically, most people in that firm were involved in conventional insurance. It was perhaps 100 people in one unit, involved in more speculative activity, who brought down the whole firm and put at risk the world economy.

In fact, I shall give one lesson from God's own county, if I may—there will be only one mention of Yorkshire in the entire debate, Mr. Fraser. The Yorkshire bank has adopted a simple banking strategy down the

years. Rather than a pro-business cycle strategy, it uses a through-the-cycle business model. It says that it has stuck to its knitting in recent years. It never became involved in sub-prime lending and self-certification for 100 per cent. mortgages. Indeed, it was criticised, as many traditional or more conservative banks were, for not being innovative enough. Therefore banking structures such as Yorkshire bank do have a future. The Chairman of the Treasury Committee, my right hon. Friend the Member for West Dunbartonshire (John McFall), has tabled an early-day motion on separating retail and casino banking, and that debate will be part of our economic debate for some years to come.

Some commentators say that things cannot be done in an individual country; they have to be done around the world. I wish that we had made some banking rules like those in Canada or Spain, for example, before the banking crash, because even though the rules were not universal, their banks have benefited from the fact that they had a more conservative approach.

The third point is that there should be consideration by the authorities when making regulations of the impact on smaller banks such as Yorkshire bank. Clearly, if there are flat-rate costs, smaller banks will be affected more than larger ones. We must remember that smaller banks often have to use the clearing systems of larger banks. Although the Government have, naturally, been distracted in recent times by the affairs of bigger banks, they should also be interested in the smaller banks.

I will move on to the mutual sector which, looking back, has been a success. It is interesting that our current biggest building society, the Nationwide, was perhaps the least-favoured building society when it came to demutualisation. It was not seen as the most likely candidate and was not demutualised, but it is now a successful mortgage lender. Our building societies have obviously struggled as a result of the financial turmoil, but in many ways they have weathered the storm better than their banking counterparts. A focus on the protection of their members, and lending that is based strongly on money deposited by their customers, has meant that they have been far less exposed than most of the banks.

Building societies have raised a couple of technical points about the Financial Services Compensation Scheme. That is a vital safety net, but it impacts on building societies in an adverse way compared with banks, and the financial regulators need to consider that. For example, Nationwide was hit with a bill of £241 million at a cost of £17 per member as a result of some of the regulation. There must be a case for returning Northern Rock to the mutual sector when it goes back to the private sector.

The fifth point is a suggestion that has been made by commentators far more eminent than myself. There is nothing wrong with securitisation of loans and so on, but in many ways, the shorter the chain, the better and more transparent it is. Various people, including Dominique Strauss-Khan from the IMF and Lord Turner, have revived the idea of having some sort of tax. The Tobin tax was thought up a generation ago as a tax on foreign exchange. I do not think that that would work in today's circumstances, but some sort of tax on financial transactions would reduce liquidity but also reduce that chain.

The sixth point is about bonuses, which have already been mentioned.

Mr. Field: There are two points. Clearly, we already have a tax of stamp duty on general share transactions. Many of the markets—the eurobond or eurodollar market in this country for example—came about simply because of American taxes. Does the hon. Gentleman not recognise that having a range of taxes, particularly on a regional rather than global basis, might see potentially risky transactions being moved to some of the more wild-west elements of the financial services world? Historically, going down that tax route has not tended to work.

Mr. Grogan: I agree with the hon. Gentleman in so far as I think that such a tax would have to be done internationally. Other measures for banking structures and so on could be done domestically, but all those who advocate such a tax, from the IMF to Lord Turner, recognise that it would have to be done internationally.

Moving on to bonuses and remuneration, I am reminded of the phrase, "We're all in it together", which has much to be said for it. We are now at the point where some of the remaining banks, such as the Royal Bank of Scotland, Goldman Sachs and others, have done pretty well in recent times. They have done well for a number of reasons: first, because of the Government guarantees, which mean that they have as much liquidity as they need or want, but also because many of their competitors have been knocked out of the market. In the coming days, they are potentially going to announce quite enormous bonuses for some of their staff. I think that Lord Turner was right to muse in the pages of the *Financial Times* on whether that is right and whether those bonuses have been earned.

The Manchester study that I referred to earlier stated that a lot of those banks have compensation schemes that cover about 50 per cent. of their total financial turnover. It suggested a tax on such bank profits. The last party to do that was the Conservative party in 1991. Again, the banking sector would be wrong to believe that it should be business as usual, and the Government have made certain proposals regarding bonuses.

Mr. Richard Spring (West Suffolk) (Con): I must apologise on three points: for disturbing the hon. Gentleman's thought patterns in the House of Commons Library last night, and also for working at some point at both Merrill Lynch and Lehman Brothers. I have a certain amount of form on this.

I would like to point out that in the eyes of many, both in this country and abroad, we have a very oligopolistic structure—I am sure that the hon. Gentleman will agree. One of the keys to addressing the points that he raises, such as excessive bonuses, is the lack of competition, or potential competition, in terms of access of new financial institutions. I am sure he will agree that after the various mergers that have come about, either spontaneously or at the behest of the Prime Minister or someone else, it is very difficult in this country to deal with the situation. Will the hon. Gentleman comment on that, because it seems that lack of access is an inhibition to addressing some of the problems that he is talking about?

Mr. Grogan: I agree with the hon. Gentleman entirely. I have always been a great believer in competition. From the left, social democrat or so-called progressive side of British politics, we have been too easy on oligopolies

[Mr. Grogan]

or monopolies across a range of sectors. The energy sector is one and possibly the media sector is another. There is a danger in the finance sector now that these great institutions have been created and merged and some are run directly by the state. What follows on from them when they go back to the private sector? We have to think about competition concerns.

Mr. Gordon Prentice (Pendle) (Lab): Are not these multi-million pound bonuses and payoffs absolutely scandalous? The five directors of MG Rover paid themselves £40 million as the car plant was going bust. Does my hon. Friend agree that we need a high pay commission, or something like that, to police the City and ensure that excessive bonuses that cannot be justified are not paid?

Mr. Grogan: I am a moderate compared with my hon. Friend.

Mr. Prentice: I read *The Guardian*.

Mr. Grogan: My hon. Friend reads *The Guardian* too. I am glad—*The Guardian* needs all its readers these days. I would not set a maximum pay level or bonus level. I would look at the taxation of bank profits and bonuses and approach it that way. However, I share my hon. Friend's moral fervour. When people such as the chairman of the British Bankers Association make comments such as those I quoted earlier, it has to mean something. Unless the banks address their bonus culture, there will be a role for Government to do more.

I will move rapidly on. An interesting proposal from the Conservative Front Bench is the idea of having a consumer regulator for the retail banking sector. That almost touches on the point made by the hon. Member for West Suffolk (Mr. Spring) about competition and entry into the market. Retail banking could be much more innovative.

The eighth point is purely to ask whether it is time to look again, like Macmillan and Wilson, at having an inquiry into venture capital for our industry and services, and at whether our market is efficient. One of my regrets is that, as I understand it, the private equity movement originated in providing venture capital for new ventures. It has now largely become a vehicle for the takeover of assets and so on, of which Lord Myners has been critical. He has indicated, as have many economists, that he is not sure that such activity brings much economic value in the end. That matter would be worth looking at.

The ninth point is that when the public sector makes big investment decisions, we must be careful to ensure that we do not look too much at the interests of the City as opposed to those of the rest of the country. After the next election, any Government will have tough investment decisions to make about public expenditure. I would hope, for example, that the high-speed rail link, which is of interest to the whole of the country, might be higher up the agenda than Heathrow expansion or even, dare I say it, Crossrail, which has been heavily lobbied for by the City. If it is a choice between one or the other, as it may be, I hope that high-speed rail will be at the top.

Mr. Mark Field: I praise Crossrail to a certain extent, although there are no votes in it for me. Most of my residents, particularly those in Mayfair and the Barbican, are not particularly happy with the idea. The hon. Gentleman will know that the Crossrail Act 2008 is now in force, and that it would be relatively straightforward now that the planning consents and so on are in place. Indeed, more than £1.2 billion has already been spent on compulsory purchase and demolition. Should the hon. Gentleman regularly visit the bookshops at the top of Shaftesbury avenue, towards Tottenham Court Road tube station, he will know that the area is already the site of some Crossrail works.

I hope that it is not necessarily either/or. However, insofar as there are plans to limit the amount of investment in the area, Crossrail is now well ahead of the game, and it will make an enormous difference to the whole of the United Kingdom and not only that part of central London in which it is located.

Mr. Grogan: When I am promoted after the next election, perhaps to the role of Economic Secretary to the Treasury, I shall carefully take account of the points made by the hon. Gentleman. If I was drawing up a list, I would put them in the following order: high-speed rail, Crossrail and Heathrow.

A directive on alternative investment managers is being promulgated in Brussels, about which the Mayor of London is getting agitated. I shall not go into massive detail, but I have read the impact assessment done by the European Commission, and there is a case for regulating more alternative investment managers' funds, such as hedge funds and private equity. I also believe that there is a case for having a set of rules that apply across the sector, because the financial sector is nothing if not innovative, and if we try to regulate only one part of the sector or define it more precisely, we might find that the rules quickly become redundant.

I believe that organisations such as hedge funds are of sufficient size that they have the potential to pose a systemic risk to the economy; lending by banks and the herd instinct of many funds could be destabilising. With pension funds now investing much more in alternative investment markets, consumer protection is becoming more important. I broadly believe that a strong case can be made for regulation by Brussels.

Mr. Spring: I would point out to the hon. Gentleman that there is no evidence at all that the financial crisis that so catastrophically affected this country and others was the result of the activities of hedge funds. I simply say, as gently as I can, that although one wants ultimately to protect the financial services industry—in the European Union, London is the jewel in the crown—the huge danger, of which we have already seen some evidence, is that it could create a regulatory structure that persuaded our financial institutions to locate abroad. It is a fine balance, and I am sorry to say that there are indications that what is coming out of Brussels—I think that Lord Myners would agree—is excessive and potentially destructive of the financial service industry in London.

Mr. Grogan: I shall briefly quote Will Hutton. This is from *The Guardian* rather than the *Financial Times*—there is another view of the world. He said:

"Hedge funds in particular cannot be allowed to peddle the fiction that they had no role in the financial crisis. For the record, in July 2007 London and New York hedge funds had assets under

management of some $2 trillion, of which up to $1.75 trillion (we will never know the exact figures) was financed by borrowing. It was the collapse of two Bear Stearns hedge funds and three BNP Paribas hedge funds in July and August of 2007 that triggered the paralysis of the interbank markets in New York and London."

There are different views on the matter, but whatever the responsibility the alternative investment market had in the past for causing crises, we also have to look to the future, and future-proof ourselves. Such organisations are now big players and they should be regulated. An awful lot of lobbying money is being used to persuade the European Parliament to throw out the proposals, but I hope that my colleagues there will resist that and that they will consider the regulations carefully and that they will properly regulate hedge funds and private equity. Even today, the *Financial Times* says that according to an American study one in five hedge fund managers have been found to be misrepresenting facts. For consumer protection, there must be a case for backing those proposals.

Slightly controversially, I shall refer to Mr. Rasmussen, the former Danish Prime Minister, who is the nemesis of those hedge funds and private equity firms that are resisting such regulation. He has campaigned for years for such regulation, and came to the City of London earlier in the summer. He said that, at the moment, hedge fund managers appear to be guaranteed 2 per cent. of their investments in annual fees and 20 per cent. in profits. He asked whether, if they had 0.5 per cent. in fees and perhaps 10 per cent. in profits, they would starve. Such questions are relevant and should not be dismissed. Hedge funds are part of our economy, but they should reflect upon the social usefulness of all their activities.

I end by referring again to my economics teacher, Mr. John Kay, who said this summer that our financial sector should be the servant of our wider economy and not the master.

Christopher Fraser (in the Chair): Before I call the next speaker, may I remind colleagues that I intend to start the wind-ups at 3.30 pm.

3.6 pm

Mr. Mark Field (Cities of London and Westminster) (Con): I congratulate the hon. Member for Selby (Mr. Grogan) on introducing this important debate. I shall focus mostly on hedge funds and alternative investment matters, which was the original title of the debate and a subject on which the hon. Gentleman focused in the latter part of his speech.

The hon. Gentleman gave us a quick tour d'horizon of the history of the City of London, and he was right to say that roughly 350,000 people work there every day. For the first time since censuses began in 1801 and certainly since the arrival of the railways, its residential population is beginning to increase, albeit incrementally. None the less, it is a place not only for work but, to a large extent, for rest and play.

I stress that the present lord mayor has firmly been making the case during his programme of overseas visits that the City is not simply about the banks. The banks may have been particularly hard hit in the past year or so, but other parts of the financial services sector have not suffered to the same extent. When seeking to deal with the banking sector, it is important to avoid having a negative impact on those other parts.

The lord mayor and Stuart Fraser, the leader of the City of London corporation and chairman of policy and resources, have sought to highlight the fact that, as well as the banking industry, insurance, communications, technology, legal, accounting and other related professional and business services industries have an essential role to play in stimulating economic recovery and growth. The hon. Gentleman rightly pointed out, with great fairness, that the whole UK benefits greatly from a thriving financial services business; it may be based in London, but it has great strengths in other centres such as Manchester, Leeds, Edinburgh and Glasgow.

Mr. Spring: I know that my hon. Friend is aware of the fact, but because of the long-standing nature and history of the City of London, its livery companies and various guilds, as charitable foundations, are hugely focused on the broader community, not only in London but outside. They generously contribute to all parts of the United Kingdom in a most commendable way.

Mr. Field: That is an extremely good point. Some of the livery companies have strong connections with other areas; for instance, given the historical and traditional importance of steel, the Cutlers are strong in places such as Sheffield. The fact that a huge number of schools have received large sums from trusts set up, often centuries ago, by the livery companies bears witness to what my hon. Friend says, as does the fact that large tracts in Greater London and outside the square mile—places such as Epping forest, Hampstead heath, West Ham park and Queen's park—are some of the finest open spaces, which are of great benefit to Londoners and those who live in the home counties.

As the hon. Gentleman said, the financial services global competitiveness group report was published on 7 May. It called for greater co-ordination and strategy in the way in which the UK financial services industry promotes itself. I take on board his concern that too many City folk may have been involved, but it is fair to say, as he did, that although the City was regarded—certainly between 1914 and about 1986—very much as a club, it has become much more open, and there is now more social mobility in some areas than we could have dreamed of only 20 or 30 years ago. City professionals may therefore come from different walks of life than would have been the case a generation or so ago.

Since last year, the City of London corporation has been working to set up a new body with the aim of providing a single focus for promoting the financial services industry to a domestic and international audience. It will work alongside existing bodies in international finance, and Sir Stephen Wright plays an important role in that regard, working with the Mayor of London, who clearly has an interest in the issue. There has been some tremendous co-ordination under the auspices of the City of London corporation, with one eye very much on the future and the importance of our capital, alongside Beijing, which held the Olympics in 2008, and Rio de Janeiro in Brazil, which will be a big global capital in 2016.

As a starting point, a small steering group has been established, and it is anticipated that the new body will be launched and perhaps named later this year. It will

[Mr. Mark Field]

be independent, practitioner-led, politically neutral and cross-sectoral. Above all, it will try to represent the financial services industry across the UK, not just in central London. The Government, particularly the Treasury and UK Trade and Investment, have been closely involved in the development of the initiative, which will form one of the most important elements of the City of London's outlook in the years to come.

I want now to say a few words about hedge funds. In many ways, their rise and power represent one of the biggest changes to the global economy over the past half a century. Largely for that reason, there has been a demand, which predates the banking collapses of the past two years, for an alternative investment directive in Europe.

Hedge funds are predominantly limited liability partnerships, so they are exempted from much of the regulation that applies to investment banks and even mutual funds. As pools of highly mobile capital, they have fast developed a reputation for moving financial market mountains by anticipating future expectations. There is no doubt that they thrive on volatility, and the crux of the controversy that surrounds them is the degree to which they cause or affect fundamental shifts in financial markets.

As the hon. Gentleman said, this relatively unpoliced, unsupervised and, until recent years, fairly low-profile sector of the financial services world is now firmly in the sights of the European Commission, as well as of Mr. Will Hutton of The Work Foundation. However, the Commission's proposed directive to regulate hedge funds and the private equity sphere betrays, as my hon. Friend said, a lack of understanding about the business's workings.

Alternative investment funds have already accepted that the new regulatory climate means that they will be required to boost transparency, as well as to accept new controls on disclosure and, most likely, on clearing, settlement and custody. However, the draft directive goes a long way beyond that and may make it quite impractical for funds owned by non-EU entities, which make up a significant proportion of the funds operating in London, to distribute their products in the EU.

The combination of such an approach with other perceived regulatory and fiscal burdens may persuade hedge funds to relocate to other financial centres, such as Switzerland, or to return to the United States, with its much more mature market. Similarly, hedge funds that relocate may provide the critical mass for emerging financial centres such as the Gulf or the far east. Such an outcome would be in the interests of neither the UK and the City of London, nor the EU.

At a supranational level, the directive would diminish competition, and I entirely endorse what the hon. Gentleman said, because competition is key. We will no doubt experience a big hue and cry about huge banking profits in the press in the next week or two, but the point is that competition has simply diminished and died away to a large extent. In fairness, I suspect that most of the huge profits that we will see this year will be an exception, and I hope that there will be new players in the market. We must remember, however, that regulation itself is the biggest barrier to allowing new, innovative companies into any new market. One concern is that a highly regulated market will have a very detrimental effect.

Dr. Pugh: The hon. Gentleman is putting forward the hypothesis that regulation invariably leads to capital flight. In a sense, that is making the case for no regulation whatever. However, there is clearly such a thing as a proper degree of regulation, which attracts capital; regulation is not necessarily negative in its effect on markets.

Mr. Field: If things are taken to an absurd level, one would have to agree. Clearly, there needs to be some regulation, not least to protect consumers. To return to the history of the City of London, I was joking with my hon. Friend earlier that we should look at the great scandals that took place in the Victorian era, when mines and railway promoters ripped off consumers. Clearly, that did nothing of value. There is a strong argument for saying that much of what should have given this country's industry a competitive advantage was undermined because there was no proper regulation or sense of transparency in the City of London in that era, when transparency and regulation were very much in their infancy. It is at least valid to say that. Clearly, having an entirely laissez-faire approach does nobody any favours—indeed, it does not bring in crucial investment.

To return to my earlier point, the directive as currently drafted would, at a supranational level, diminish competition and restrict flows of liquidity into the single market. It would also be seen as protectionist at the very time when barriers need to be brought down, rather than erected. At a domestic level, I fear that it would significantly diminish London's critical mass as a financial centre and reduce individual and corporate tax revenue. The hon. Member for Selby rightly said that the City of London has been a huge cash cow in the past, and one hopes that it will be one in the future.

The directive could also damage the market for the professional services that assist the hedge fund and private equity industry, such as law, accounting, investment consultancy and specialist IT.

Mr. Spring: This is an important point. Some of the countries that have perhaps been driving the ambition for further regulation have virtually no hedge fund activity. Does my hon. Friend agree that the success of the City of London and the diversity of financial services—I agree that financial services should be properly regulated, but that has not been the case in the past—are hugely important for the whole EU, which is diminishing in importance as trade flows and economic activity move eastwards? The success of the City is one anchor of our future prosperity, and we risk losing it at our peril.

Mr. Field: I entirely agree. That is an important point. Power is shifting eastwards to India and China. They have two and half billion people between them, and they will be the two big economic superpowers of our lifetimes—certainly by the middle of the century. That shift has undoubtedly been accelerated by recent events, and nothing would be more catastrophic for Europe—whether within the confines of the EU or as a time zone—to relinquish what should be and has been one of its traditional advantages. The importance that should

be attached to the financial services business as a whole cannot be overstated, given the propensity of the 20 million or 30 million people a year who are added to the Chinese and Indian middle classes to save, which means that there will be a great reliance on what should be a great industry for us.

To the directive's opponents, the European Commissioners' attention on these issues seems to have been promoted all too often by an unholy alliance of continental bankers and politicians who are concerned in part to effect something of a power grab. Eighty per cent. of the hedge funds managed in Europe are accounted for by London, while fewer than 20 per cent. originate in Paris.

The plain truth is, as my hon. Friend pointed out in an intervention, that the asset management business has not been directly implicated in the global financial crisis, so one must ask why the EU is suddenly giving such priority to its regulation. Typically, hedge funds are small start-up businesses—a far cry from the large international banking institutions whose antics, in part, jeopardised the entire global financial system last autumn. Their offshore domicility often owes much to the need for simplicity in tax and regulation, as places such as the Cayman Islands are not beset by double taxation treaties and reclaim bureaucracy.

The impetus for a European directive derives from panic in response to the economic crisis, alongside a partisan vision of hedge funds and private equity as a wild west show of amoral speculators and asset-strippers. Even one or two people in the Labour party have been known to espouse such views. However, there has been no crisis of asset management. Unlike banks, hedge funds neither leveraged themselves to the hilt—of course, they lacked the balance sheets to do so even if they had been so inclined—nor ran down from adequate levels of liquidity. Indeed, those that have failed—several have—have not threatened the entire financial system.

In truth, one of the unsung successes of the Financial Services Authority—I hope that I am not too far out of line with my party's views on this matter—has been its ability to keep the hedge funds sector ticking along relatively nicely in recent years. It cannot make sense for a European directive to insist on onerous hedge fund registration requirements by giving Commission officials the right of veto over their investment strategies. That will simply result in the drying up of investment from outside the EU to hedge funds here, which is, as my hon. Friend the Member for West Suffolk pointed out, against not only UK interests but French and German interests and those of the other 24 nations of the EU.

All that investors in the global market ask is to be given free rein to choose their investment managers. Instead, the proposed brave new world for hedge funds and private equity risks forcing EU-based investors to abide by a system of rules whereby they will have to instruct EU-based managers and place their assets in EU funds. A more sensible approach would be to examine how and why hedge funds became so powerful so rapidly. Perhaps the homogenising of mainstream institutions in the financial sector as a result of interdependencies and the converging effect of regulatory creep gave rise to the demand for a new diversity of off-balance-sheet methods to manage assets and credit. In particular, in the aftermath of the Enron scandal a decade ago, stricter regulations that were introduced to control off-balance-sheet activity simply resulted in an explosion in special purpose vehicles, which were created to bypass a culture where stifling regulation presented a massive competitive advantage to those institutions able to reap the benefits of economies of scale.

I am not here to bury hedge funds, but equally I would not give them untrammelled praise. There is little doubt that the emergence, in reaction to regulatory overkill, of a largely unpoliced, unsupervised hedge fund sector had significant distorting effects on the entire financial system. Additionally the huge, largely unregulated profits derived from the most successful hedge funds had a perverse effect on the strategies employed by investment banks whose profits could never emulate those obtained in the tax-free, "regulation-lite" regimes enjoyed by the funds. As those profit margins became ever more the talk of the City half a decade or so ago, unrealistic expectations of compensation were ratcheted up.

By 2004, senior banking executives watched enviously as hedge funds' profits soared and the brightest and best of their junior staff were poached to make their fortunes in those funds. In retaliation, many leading investment banks elected to allow the emergence internally of "virtual fund" teams specialising in the riskiest but potentially highest-return sectors. More often than not, such star teams negotiated and were granted special shadow profit-sharing status internally. I must accept that that proved to be the worst of all worlds, giving those teams the green light to indulge in relatively unprecedented risk-taking, all the time underwritten by the banks' colossal balance sheet. That seemingly safe umbrella encouraged ever greater leverage and the spectacle, even in the good times, of such a small proportion of banks' profits being retained. Naturally, that strategy was questioned only after the credit crisis exposed the folly of allowing an inherently riskier culture of hedge funds to pollute the banking system.

I am glad that I have had the opportunity to speak at some length, and want to conclude with this thought on hedge funds: it is right for policy-makers to engage intellectually with the proposition that the rewards and super-profits should be justified only in return for exceptional performance, rather than as an arbitrage for tax and regulatory breaks; but that requires a much more systematic analysis than the European Commission has provided of the structure of the financial services sector. Scapegoating hedge funds and the private equity industry cannot be a sensible first step on that path.

3.25 pm

Dr. John Pugh (Southport) (LD): I congratulate the hon. Member for Selby (Mr. Grogan) on securing the debate and keeping us on our toes by leaving us marginally uncertain as to its exact title. I thank him, too, for sharing his 10-point plan with us. Why he is not Chancellor of the Exchequer I do not know. I assume it is because he is far too cheerful.

Down this end of the Chamber, we have a caucus of northerners—or we did have when the hon. Member for Pendle (Mr. Prentice) was here—but none the less we have no doubt about the importance of the City and the financial sector to the UK and world economies, the British balance of payments and Government revenues.

[Dr. John Pugh]

It is critical. We also have no doubt that that is built around a degree of integrity, probity and good regulation, connectivity with the rest of the world, length of experience and downright financial skill. We can, I suppose, praise that without necessarily overestimating it. I sometimes get very big brochures sent to me by the City of London, telling me how it pretty well accounts for most of the UK economy. I am never quite certain whether the information includes all businesses with a head office in London as belonging in the City, or whether it estimates appropriately the substantial economic contribution made by London outside the City. It is also worth mentioning in passing that certain cities, such as Edinburgh, have proportionately—though not in size—a bigger financial sector even than London's.

We should not, however, underestimate the importance of the City. Look at what goes wrong when things go wrong there. We suffer in our constituencies and across the land. There has been a long and heated debate in the north and throughout the country about the relationship of the City to the wider economy, and in particular the relationship between manufacturing industry and commerce and the City, manufacturing generally being something rather grim up north and City life being something rather sophisticated down south. A refrain that has gone on for decades—as long as I have been thinking about the economy and politics—is criticism of the City for a degree of short-termism and for being attracted by property rather than production, services rather than sustainability.

This is a slightly artificial debate, and all sorts of qualifications are needed, as well as recognition of the positive role that the City has played in the economy as a whole. However, the picture for most of our lifetimes has been of the growth of the services and financial sector in the economy and the decline of the manufacturing sector, even below EU levels, and even given our acceptance of the fact that we all have a problem resisting the modern challenge of China, India and the like. Coupled with that has been the rise of new financial giants. We have mentioned some of those: hedge funds, private equity and venture capitalists within and without the banking sector. It is easy to see it, sometimes, in terms of a further tilt away from the long-term investment in which the mutuals engaged and long-term investment in general.

I know that there are some pretty solid defences of current City fashion, and the hon. Member for Cities of London and Westminster (Mr. Field) did a good job of presenting such defences. I, too, have read the handouts from private equity houses and organisations that emphasise that they are not a bunch of shameless asset-strippers, as they are sometimes characterised by people who do not qualify their remarks sufficiently, and that in fact they re-engineer companies, reconfigure them and in some cases provide more employment and certainly greater profits. I know too—it is a perfectly valid point that has been made several times in the debate—that they are not responsible for the credit crunch. That was the result of very traditional high street banks, which formerly nobody was agin, behaving rather badly and uncharacteristically, in a way that suggested more than a flirtation with casino-type finance. The hedge funds, on the other hand, have had very limited interest and involvement in the mortgage market. However, it has to be said—it was mentioned, I think, by the hon. Members for Selby and for Cities of London and Westminster—that hedge funds did play a part in accentuating financial panic because they are such big players and deal in bank shares, often at critical moments and often with money borrowed from the banks.

If we want to avoid the evils that have beset us recently—the frauds, the Madoff affair, which was essentially a hedge fund affair, the foolishness that has characterised patterns of investment, and the instability that has been all too prevalent recently—we cannot duck the problem of regulating the new financial giants. We cannot back away from that. We must consider the possibility that something needs to be done if not because those organisations are responsible for the past but because, as the hon. Member for Selby said, there might be problems in the future, particularly given the fact that these giants are moving huge amounts of money around the globe and they are relatively opaque financially. They are big players that add enormously to liquidity, which is often said in praise of them. However, they engage in aggressive market behaviour while, ultimately, bearing few of the social costs.

When we talk about hedge funds, we have to put it on the record that 50 per cent. of them, for whatever reason, are situated offshore in places such as the Cayman Islands. I am not saying that they are in league with the pirates of the Caribbean, but we would prefer them to take their fair share of social responsibility, particularly as they have a powerful social effect. I recognise that many operate onshore in the USA and the UK, but they should be prepared to pay up in tax terms for the advantage of working in a well regulated economy. That said, it also has to be pointed out that last year, according to my figures, hedge funds alone paid £3.2 billion in tax revenue, which the UK can scarcely do without at the moment.

I do not want to be generally damning because if we look into what a hedge fund is supposed to be, we would find that the definition is a little more fluid than one might expect. There are different kinds of beast under the label of hedge funds. The French do not use the words hedge fund; they use the expression "fond spéculatif" because not all such funds hedge. The case for a degree of regulation beyond self-policing is quite strong, but the extent of that regulation is the issue. Fundamentally, we all agree that we want to secure the economic advantages that the funds bring, but we also want to ensure that the social benefits are provided, too. As the hon. Member for West Suffolk (Mr. Spring) said, it is a matter of balance and getting that balance right.

I put it on the record that it is not a straightforward equation—that the more regulation that we have, the more capital flight we will get. Mention was made of the Indian financial market, which is regulated much more restrictively than the British markets at the moment, but is still attracting significant capital and investment. There is a debate to be had and Mr. Rasmussen, if nothing else, has started it. He has the Mayor of London going, and there are all sorts of views about whether or not this is a Euro-plot against the British hedge fund industry, which accounts for 80 per cent. of the European total. Nevertheless, the debate is well worth having and should be conducted in a relatively mature way. The insurance companies are having another sensible

debate about solvency. To some extent, there has not been a great deal of discussion about the type or quality of debate. In this place, we have talked more about who is to regulate, and not how people are to regulate.

The bottom line for me as a northern MP, whatever regulation or fiscal policy we have, is that we must move away from short-termism, or make regulation much tougher. Moreover, we must move the economy in the direction of sustainability in financial and economic terms and not encourage an environment of the fast buck.

I shall close with a little story that encapsulates the debate. I hope that the hon. Member for Cities of London and Westminster will sympathise with the plight of the company that I describe. I represent a seaside town which for decades had a profitable sweet factory, making a product called Chewits. I did not eat it much myself, but it sold well at the seaside. I went to see the company when it was in process of retooling; it was profitable and doing rather well. It employed people who had to operate at a relatively skilled level and it provided a good mix of employment. It was then bought by a City company. The machinery was sent to eastern Europe, the skilled work force was sacked, the job mix in the town was worsened, the carbon footprint of production was increased and the land was sold for housing. The UK economy did not benefit, but profit was made in the City. That may be the operation of a free market, but I question, in those circumstances, whether it is wise.

3.35 pm

Mr. Mark Hoban (Fareham) (Con): I congratulate the hon. Member for Selby (Mr. Grogan) on securing the debate, even though it had a changing title. As my hon. Friend the Member for Cities of London and Westminster (Mr. Field) and the hon. Member for Southport (Dr. Pugh) said, it was until relatively recently entitled "The Impact of the Hedge Funds on the UK Economy" and we had all geared up for that. None the less, the broadening of the title gives us the opportunity to make some more wide-ranging remarks about the City.

I will, if I may, be critical of the hon. Member for Selby, who used lazy shorthand in the title of the debate. He will have offended people who work in Canary Wharf or in the west end, and people who see themselves as part of the financial services sector but who are not located in the City. He has also forgotten about the people in Whitely, just outside my constituency boundary, who work for Zurich Financial Services, and the 300 people who work in the Lloyds Bank call centre in my constituency. They are all part of the financial services sector, as indeed are the staff of banks and insurance companies and the stockbrokers who are dotted across the whole of the UK.

When we talk about the size of the financial services sector and the contribution it makes to the UK economy, we should remember that it is a sector that is based across the whole country and not just in the Square Mile. We must be careful to remember that because it represents a means by which the financial services sector can start to re-establish trust with people by reminding them that it is an integral part of our lives. The debate about hedge funds and the activities of the people in the City and the insurers remind us that they have an impact on our lives. Today, we have talked about hedge funds in a bit of a bubble, but who are the investors in hedge funds? It is not just high net worth individuals; it is our pension funds. Two thirds of the investment in hedge funds come from pension funds, including that of the Church of England. There is therefore a direct relationship between the returns that they make in those funds and the benefits that we enjoy in our pensions. We cannot view the City in isolation, and nor should the City or the financial services centre think of itself in isolation from the rest of the economy.

The hon. Gentleman had a 10-point plan. I will not go through each of the 10 points, but I want to pick up on a couple. Bonuses, for example, are an important issue for people to understand. Over the course of the past two years, the taxpayer has supported the banking system through the stakes taken in RBS or Lloyds, which we supported, and the indirect guarantees and indemnities that are on offer to the financial services sector. The current stability of the banking system is a consequence of taxpayers' support, not just here but across the world. That support was given to help its balance sheet and not its bonuses, and banks must remember that as they come into the bonus round over the course of the next few months. The bonuses are a product of taxpayers' support and they should not lose sight of that.

On the hedge fund directive, which both the hon. Gentleman and my hon. Friend the Member for Cities of London and Westminster discussed, we must remember that it is not just about hedge funds. It is the alternative investment fund management directive and it affects hedge funds, private equity and endowments. The Wellcome Foundation and the endowment of Oxford university are affected by it, as well as the funds in Germany that are used to finance wind farm investment. Most Latvians find the finance for their houses through funds and they will be affected by the measure, too. What is happening across Europe is that people who thought carelessly that the measure was just about those nasty big hedge funds are now realising that it has much greater impact.

Why are hedge funds attractive? It is because people want to invest in them and they want the returns from them. However, I think that some people feel under pressure from hedge funds, whose activist nature creates and promotes change in financial markets and economies. In some economies, people are reluctant to accept that change is a good thing in that way.

Some people think that there is a zero-sum game here for Europe—that by introducing tougher regulation on hedge funds, Europe will see business moving from London to Frankfurt or Paris. However, it will not move to Frankfurt or Paris. That business will move outside the European Union: it will go to Singapore, Geneva or New York. The regulatory drive in Europe risks making Europe uncompetitive and forcing jobs and business not out of London, but out of Europe. That is an argument that we need to make, not just here in Westminster but in Brussels and in other European capitals.

There is another lesson that we should draw from the hedge fund directive. When the directive was being drawn up, the Government failed to recognise the wider impact that it would have. I think that Lord Myners is

[Mr. Mark Hoban]

rectifying that, but it would have been far better if the Government had been engaged much earlier while the directive was being thought about, rather than just waiting until it was published. Can the Minister tell us if the Chancellor of the Exchequer spoke to the Commission the week before the directive was published, because I understand that the Chancellor's French and German counterparts did? It would be helpful to know if the Chancellor was able to put a word in to stop the directive from being published. It seems that the French and German Finance Ministers were rather more successful in getting their views known.

Mr. Grogan: Just to be absolutely clear, the hon. Gentleman suggested that the Chancellor should have stopped the directive, so is the position of the official Opposition that there should not be a directive at all? What is the position exactly?

Mr. Hoban: There needs to be proportionate regulation of the sector, which recognises the risks and responds to them. My hon. Friend the Member for Cities of London and Westminster talked about the Financial Services Authority. The FSA has been very effective in regulating hedge funds, because the regulation is proportionate to the risk. The directive, as it is currently drafted, is not proportionate to the risk. It is a rather muddled document. Furthermore, because of the lack of due process in putting it together, the costs of the directive could potentially outweigh its benefits. We want proportionate regulation that reflects the risk that these funds pose, not regulation simply for the sake of it.

Let me speak briefly about the wider financial services sector. Clearly, the actions of certain banks and financial institutions created the financial crisis that we see today. There was a failure to recognise the risk that certain financial institutions took on through the way that mortgages were sliced and diced and repackaged into collaterised debt obligations, or CDOs squared, tripled or even cubed. There were complex transactions that meant that there was a loss of understanding between the product that people bought and the underlying mortgage.

There was also a failure to understand the risk attached to these instruments. I do not know what other Members read on their holiday, but "Fool's Gold" by Gillian Tett is a book on the subject that is well worth reading. She sets out in it how little some banks understood about these instruments when taking them on. Their creators—JP Morgan—actually took on very few of them and came through the financial crisis in good shape.

Mr. Mark Field: I have a suggestion; in many ways, it is a "back of the envelope" suggestion. It is that unless the senior directors of a bank can explain, within two sides of A4, a product that they are trying to create, such a product should not be marketed by that bank.

Mr. Hoban: My hon. Friend makes a good suggestion. There was a disconnect between the directors and the boys in the engine room: each seemed to think that the other knew what they were doing. I just wonder if that disconnect was not a cause of the crisis.

There are some regulatory issues that we need to address. Clearly, the capital requirements in place for banks had not been fully thought through. The capital requirements under Basle II encouraged procyclicality in lending and they encouraged banks to lend more in the good times. The Spanish banking system had countercyclical capital and it has come through in a much more robust state than the UK banking system and other banking systems. Obviously, we need to get the capital requirements right.

We also need to ensure that there is a proper matching of capital to risk. Certain banks were able to make some quite risky investments and engage in some quite risky trading activities because they had a strong retail base. We should ensure that capital is much more closely aligned to the level of risk in trading activities and capital should also reflect the riskiness of bonus structures. If remuneration structures lead to a certain type of activity, capital should match those structures too.

The regulatory structure in the UK needs reform. We have argued that there should be a "twin peaks" approach, whereby the Bank of England would act as a prudential supervisor and a new consumer protection agency would act as a consumer champion. It is interesting to note that France—a country with which we do not necessarily see eye to eye on these issues—is looking at moving to a "twin peaks" approach, with the Banque du France, France's central bank, acting as a prudential supervisor, just as in the Netherlands and Australia there is a separate prudential regulator and a separate conduct of business regulator.

That structure is important as it would reinforce the importance of prudential supervision. Our existing regulatory regime, whereby the FSA acts as the prudential regulator and is also responsible for the conduct of business, rather meant that the prudential aspect got lost in recent years, because the accountability of the regulator drove it towards more conduct of business regulation. Our reforms would tackle that problem by ensuring that the regulatory structure properly addresses both prudential supervision and the conduct of business rules that really regulate the way in which consumers buy products from insurers, banks and others, and receive advice.

There is no magic bullet that will solve the problem, only a series of interventions that we need to make. We need to get the capital provisions right and we need to get the regulatory structure right. However, we also need to ensure that the financial services sector sees itself as an integral part of the UK economy. It is only by getting those structures right and by building up that trust that once again people will be content to see the City continuing to grow. People talk about "the imbalance" and say that the financial services sector is too big. The answer is not to shrink that sector, but to grow other parts of the economy. That is the message that we need to think about when we look at the impact of the sector on the UK as a whole.

3.47 pm

The Exchequer Secretary to the Treasury (Sarah McCarthy-Fry): First, I want to congratulate my hon. Friend the Member for Selby (Mr. Grogan) on securing this debate. I would also like to thank him for his very kind remarks to me and I am sure that, when we win the next general election and form the next Government, he will be considered for a starring role.

I am afraid that I cannot contribute to the debate on bow ties because I have never worn one, hand-tied or otherwise. However, I can confirm that I am a *Guardian* reader.

The impact of the City of London on the UK economy is, of course, a highly topical issue and one that deserves a rich and informed debate. I think that we have had a rich and informed debate today, which has gone much wider than the original title of the debate, and I thank my hon. Friend for changing that original title to enable us to look at some of these wider facets.

We have had contributions from several hon. Members. The hon. Member for Cities of London and Westminster (Mr. Field) concentrated on the hedge funds, because that is an area of expertise for him. The hon. Member for Southport (Dr. Pugh) touched on hedge funds, but he also looked at the wider economy and regulation. The hon. Member for Fareham (Mr. Hoban) touched on hedge funds, bonuses and the wider financial services sector.

My hon. Friend presented us with a 10-point plan—double the five-point plan. I hope to cover as many elements of that 10-point plan as I can, but of course time is limited. I will do my best.

The hon. Member for Fareham made an important point when he asked what we are actually talking about when we talk about the City of London. Technically speaking, of course, the square mile and its environs, including the west end and Canary Wharf, form the hub of the major global financial centre, but I think that the term "City of London" is more often used as a metaphor for the wider UK financial services industry. That is what I have taken it to mean in the context of this debate.

As my hon. Friend said, the UK financial services industry plays a vital role in our economy. As I have a bit of time, I will start by laying down some facts and debunking a few myths about the City of London and its position that frequently, and perhaps unhelpfully, circulate.

There is an impression that London is only about financial services. That, in turn, translates into concerns that the UK economy as a whole is unbalanced. It is easy to assume that London's economic output is completely dominated by finance, but the sector generated 17 per cent. of London's GDP in 2006, compared with a UK average contribution of 7.5 per cent. to regional GDP. That is interesting to note, particularly when one thinks of the remarks made by the hon. Member for Southport about the northern regions. Even regions better known for their expertise in advanced engineering and low-carbon technology have financial sector output nearing the national average. That includes Yorkshire and Humberside.

Balance is a relative concept. The UK financial services industry as a whole, depending on the extent to which financial intermediation activity is measured, accounts for between 7.5 and just over 10 per cent. of national output. As a further comparison, the manufacturing sector alone accounts for about 14 per cent. of UK output. Of course we stress the financial services sector's importance to the UK economy, but comments about its dominance need to be considered in context.

Many references were made to the importance of City competitiveness, which assumes that the UK financial services industry is only about London. The hon. Member for Fareham and I, who have neighbouring constituencies, know that there are many financial services sector industries outside the City. The reality is that London is home to just under one third of overall UK financial services employment; individual regions such as the north-west generate almost 10 per cent. Regions differ by sub-sector. London is strong on broking and fund management, the east of England on life insurance and south-western Scotland on life insurance and pensions.

Our long-term objective—anybody's long-term objective—is fair, efficient, stable financial markets that support economic growth and prosperity. That means that there must be interaction between the financial services industry and the wider economy—another point that has been made—but achieving that optimal interaction is, of course, riddled with tensions and challenges. There is a criticism predating the current crisis about the detachment from the broader economy with which the City—sometimes "the City" is used as a synonym for the higher value-added or exotic elements—is seen to operate. On one level, that has to do with the complexity of the products, but on another, the sense of detachment cuts to the heart of economic morality. I cannot remember who made the point that some see it as encouraging a brain drain from other economically valuable sectors at the expense of local economies.

A second tension is the apparent misalignment between risks borne by taxpayers in allowing the financial sector to grow and the actual benefits gained by those citizens from the sector's basic role in allocating capital and helping society manage risk. A third is the combined gravity of the Government's actions to tackle problems in individual financial institutions and restore system-wide stability. Questions have been raised about whether there is an optimum size for the UK financial sector relative to the wider economy. That, in turn, has generated a debate, mentioned by many hon. Members, about whether individual financial institutions have become too big to fail and, if so, what the appropriate regulatory response is.

Having identified what the tensions are, I will try to answer the questions raised about how we propose to address them. The Banking Act 2009, the Turner review and the Treasury's wide-ranging White Paper "Reforming financial markets" have given us some pointers for where to go: more effective prudential regulation and supervision of firms, greater emphasis on monitoring and managing system-wide risks, greater confidence that the authorities are ready and able to deal with problems involving systemically important institutions and greater protection for the taxpayer when an institution fails.

My hon. Friend mentioned the Glass-Steagall Act. The only point that I would make is that banks of all sizes, not just institutions above a certain size, have encountered difficulties. I am not convinced that a cap on size would necessarily be an effective way of managing risks. I believe that looking at systemically important institutions and managing risks is a better approach.

I absolutely agree with my hon. Friend about mutuals. I would; I am a Labour and Co-operative Member of Parliament. In "Reforming financial markets", we made the point clearly about the importance of the mutual sector, particularly in creating a diversity of institutions. There has been a tendency to concentrate on one type of institution, and diversity balances risk.

Mr. Mark Field: I agree. I hope that Northern Rock goes down the mutual route, and that the mutuality of building societies will come back into vogue. Does the Minister not recognise, however, that ever stronger regulation is an impediment to the diversity to which she refers?

Sarah McCarthy-Fry: It is about getting the balance right and recognising that just because an organisation is managed mutually, that does not mean that the consumer assumes less risk. If consumers invest in an institution, they are entitled to the protection of regulation, whether the institution is a mutual organisation or a plc. It is about getting the balance right.

We talked a little bit about the international level. The fifth point, I think, was a financial transaction tax, or what in my old Co-op days we called a Tobin tax and debated regularly at the annual party conference. I am sure that my hon. Friend will be aware that it cannot be done on its own but would have to be done globally. The Prime Minister said in a recent speech that it was worth considering, and I know that the French are conducting a feasibility study and a working party on it. We will be watching with interest how it develops. It is certainly not something that the UK could do on its own, and there is an awful lot more work to do on it.

I am conscious of the time, and I want to pick up as many points as possible. I turn to corporate governance, because not all risks can be addressed simply through regulation. Sir David Walker is due to report on the governance landscape in the UK banking sector in November.

A number of people mentioned bonuses. We are approaching tackling bonuses with four basic principles: rewards for failure are not appropriate; bonus payments should be based on long-term, sustainable performance; bonuses should be designed to shape future performance and thus subject to appropriate clawback if performance is not good; the regulator should take bank remuneration into account when supervising a bank.

Moving on to hedge funds in my last two minutes, I think that there is a tendency to cast hedge funds as the villains. We have heard many different aspects of that in this debate. Mention has been made of the total value added by hedge fund managers to the UK economy; a PricewaterhouseCoopers report said that it was £76 billion for 2007. The report further highlighted their value with estimates that hedge funds accounted for 1.3 per cent. of the London work force and 5.9 per cent. of total London earnings.

The UK regulatory regime is among the most rigorous in the world and, in general, has stood up well, but the Government and the Financial Services Authority have identified one aspect that requires strengthening: oversight of the impact that hedge funds' investment position and strategies have on systemically important market sectors. We are looking to strengthen oversight in that area.

On the EU directive, we support the high-level structure and approach of the directive, which is similar in many ways to the current UK regime. However, there are a number of detailed points at which we think the current draft would impose large costs and constraints on fund managers without a commensurate improvement in regulatory protection. If that improvement is not obtained, there is no point doing it. Lord Myners is leading on the issue and we regularly meet with other EU member states. The Swedish presidency is developing a revised draft that we believe will represent a major improvement on the Commission's draft, and the European Parliament has just started work on the dossier and appointed a rapporteur.

The question of the impact of the City of London on the UK economy requires us to consider more broadly how the financial services and the economy interact, the tensions in the interaction and how Government, industry and other market participants can work together. The joint effort requires proper regulation.

Plymouth CityBus

4 pm

Linda Gilroy (Plymouth, Sutton) (Lab/Co-op): Plymouth CityBus, with its cheerful red and white livery, is as much part of our great city's identity as the iconic red and white lighthouse, Smeaton's Tower, that stands on Plymouth Hoe. One of the many things that makes people in Plymouth angry about the proposed sell-off of the bus company by the Conservative council is that a sale to a rival company could rob us of that distinctive part of our city's identity. People have an attachment to and an affection for their bus company. People like the red and white buses because CityBus has a successful track record of providing good, efficient bus services. As Jack Dromey of Unite said just a moment ago, it is one of the finest bus companies in the land. This debate is not about a bus company that has failed and so has to be put into the private sector, but about one of the most successful bus companies in the country.

CityBus was formed in 1986 and is wholly owned by Plymouth city council, making it one of only a dozen or so municipally-owned bus companies left in the United Kingdom. It employs nearly 500 local people, and some of its very fine workers have joined us today. The company has an annual turnover of approximately £17.5 million and although an annual dividend is returned to the council, importantly, profit is continually invested in vehicles and services. Through careful stewardship of resources over the years, the company and the fine people who work for it have come up with a recipe that ought to be seen as an example of what works.

CityBus provides Plymouth with a high level of access to bus services, despite how spread out the city is. More than 95 per cent. of people in Plymouth—I think it is as much as 98 per cent.—are within 200 metres of a bus stop. In similar cities, the distance is 400 metres. I hope the Minister agrees that the service is one that many would envy. We must surely aspire to create more such services if we are to meet the urgent demand of our climate change targets.

The CityBus recipe is sensitive to change. The success of the 60 or more buses that run every hour between Derriford and the city centre allows other less well used routes to survive. It is ironic that the bus war that was prompted by the council's proposal to sell CityBus is attacking the core of the successful recipe for sustainable bus services in Plymouth—that is, the successful routes.

The company works well on prices. For example the dayrider ticket is good value compared with those in other cities. That is possible because CityBus, as a publicly owned company, has used its competitive position to benefit everyone. It currently has 60 per cent. of the competitive market. If CityBus is sold to a rival bus company, an even fiercer price war is likely, as has been seen in other cities. Although that might drive down prices and appear to be good for customers in the short term, in the longer term it would probably lead to the emergence of one dominant company. If such a company was not in public hands, as sure as night follows day, it would end up stifling competition and keeping prices high.

It is ironic that CityBus, which is a successful recipe that delivers good outcomes to all, is being put at risk just as the problem of bus wars leading to dominant companies has emerged all over the country. There has been a market survey by the Office of Fair Trading and a consultation is ongoing on the matter. If that leads to a full-blown investigation by the Competition Commission, it would be well advised to look at how the sustainable bus services work in Plymouth.

CityBus provides sustainable bus services that are good for older people. I have described the good network with most people living within 200 metres of a bus stop. That is much better than other cities with denser populations, which should make it easier to provide such a service. Goodness knows what would happen to the level of access in our city if the bus service was sold off. It is clear that any loss of access would hit older people, especially older women, hardest as they rely more on bus services.

The issue also matters to younger people. A company that had to serve multiple shareholders rather than the community through the proxy of city council ownership would almost certainly result in a reduction of school buses. At present, CityBus provides an additional 12 buses to provide extra capacity on school runs during peak time. The city council is highly unlikely to be able to support those additional services. If it did, the money would not come from the current subsidy. That is just one aspect that makes the proposal so stupid. The knock-on effect would be that general bus services became more crowded and roads would become more congested as people switched back to cars for school journeys. The school bus service removes more than 4,000 car journeys from the road each week—that is 160,000 journeys in a school year, which all take place at peak times. The proposal would also affect the target to increase bus use from 16 to 20 per cent. Need I say more? This crazy proposal will be bad for young and old alike.

We must rise to the steep challenge of transport playing its part in the immensely stretching targets set out in the Climate Change Act 2008. The silo mentality of the Tory administration in Plymouth will drive a cart and horses through a valuable green asset.

James Duddridge (Rochford and Southend, East) (Con): The Prime Minister is going to put assets such as the Dartford toll crossing into private ownership. Is that not inconsistent with the points that the hon. Lady is making?

Linda Gilroy: I will touch on that point in a moment. However, all politics, including local politics, is a matter of priorities. That applies to assets as much as it does to anything else.

The silo mentality of the Tory administration in Plymouth will drive a cart and horses through an incredibly valuable green asset, which has been developed through cross-party stewardship over several decades. CityBus is a green asset that not only provides good access to public transport for a high proportion of the population, but invests its profits to that end. It is not under pressure, as a private company would be, to distribute a higher proportion of its profits to shareholders. That means that all vehicles operate on ultra-low-sulphur diesel fuel and all new vehicles comply with the latest emission levels. It is ahead of the curve in investing in Euro 4, 5 and 5 vehicles.

[Linda Gilroy]

Unlike most other bus companies, CityBus still employs a pool of local engineers, which is a sustainable way of ensuring high-quality maintenance and reliability. A pool of local, skilled employees ensures that engines and parts are maintained to high standards and that an environmentally unsustainable waste of parts and engines is avoided. There is also high-quality performance in terms of emissions. Most companies that might express an interest in taking over from CityBus do not have engineering or coaching as part of their core business, so both activities would be likely to stop if it were sold. That would result in the loss of 10 per cent. of the jobs. The engineering work would have to be done elsewhere and it is unlikely that the win-win balance of engineering and sustainable maintenance practices would be preserved.

Plymouth's successful bus network is the result of a delicate balance and a special recipe. The way in which the council has gone about what it describes as

"seeking to place a value"

on the company has upset that balance. The early signs of the bus war that has been prompted must surely be depreciating the value of CityBus. That is not exactly degree-level economics. We have seen negligent stewardship not just of an outstanding environmental asset, but of taxpayers' money. There must surely be a case for someone in the Audit Commission investigating whether proper consideration was given to the repercussions of selling the company at a time when market values have plummeted, a bus war was entirely predictable and environmental assets should be most particularly valued and protected. Councillor Tudor Evans, who is Labour's leader on the council, specifically drew attention to that not just once but several times before the decision was taken to proceed.

Of course, Plymouth city council has to raise money in the face of difficult economic circumstances and the likelihood of tighter public spending. However, I say to the Minister that it is a question of priorities and there are other ways of saving money. The capital programme could be engineered differently, or other assets could be sold. It says a lot about Conservative priorities in Plymouth that they have chosen to target CityBus without setting out why it is a priority for disposal over other assets.

James Duddridge: Will the hon. Lady give way?

Linda Gilroy: No. I am sorry, but I have only a small period of time, and I think that other hon. Members may wish to intervene.

The decision to proceed comes from a silo mentality that pays no attention to the consequences for people, whether they are young or old customers, the environment or the service provided. A silo mentality has been compounded by a seemingly cavalier disregard for using up to £962,000 to prompt a bus war, which has made bus users and non-bus users alike angry and worried.

The union Unite has done a cracking job in organising a campaign to rally behind CityBus. It has overwhelming support from people in Plymouth, including many Conservative voters and Plymouth's Labour councillors. Our priorities are clear: unlike the Conservatives, we will support a tried and tested company that is working. We will support the young, the elderly and those on low incomes, who rely on these services and who would lose out if another bus company were to run them. We will support environmentally sustainable transport and we are prepared to put our money where our mouth is in relation to that.

To spend £962,000 of Plymouth people's money to investigate the sale of a bus company that people do not want to be sold is wasteful, arrogant, damaging and it is already upsetting a recipe that has worked well in Plymouth for a long time. Why spend so much money now on a valuation? It is perverse.

Mr. Gary Streeter (South-West Devon) (Con): I am grateful to the hon. Lady for allowing me to contribute to the debate. I certainly accept that CityBus is a very impressive company, but does she agree that although it is owned by the council, it is not run by the council; it is run by its own board. Why on earth would a private company spend millions on buying CityBus and then slash its routes and reduce its services in the way she has described? I am bound to ask whether she is just scaremongering and using the issue to launch her election campaign.

Linda Gilroy: I launched my election campaign in 1997 and have not stopped since. I do not think the hon. Gentleman can have listened to what I have said. If he needs to study what makes up the economic argument I am advancing, he need look no further than the market survey of the Office of Fair Trading, which may be about to prompt a full blown Competition Commission inquiry. I would be delighted to brief him on the detail of how the margins and the profits are deployed in a different way when a company is wholly publicly owned—in fact, I am about to come to that.

According to Marc Reddy, who is the managing director of First Devon and Cornwall—one of two companies to have withdrawn their initial interest in the proposal—the bidding process set up by Plymouth city council to find out how much the company is worth is a "shambles" and could end up costing "many millions of pounds."

Alison Seabeck (Plymouth, Devonport) (Lab): My hon. Friend has made the range of opposition to the sell-off that exists in the city clear and flagged up the critical reaction of the managing director of one of the other bus companies. In fact, Mr. Reddy has also expressed concern that the whole management exercise has been a "total disaster" and that it could cost the taxpayer millions of pounds—far more than the optimistic figure quoted by the council. In his response, I hope that the Minister will consider the fact that, in addition to the wholly negative effect of a bus war, pressure may be put on Plymouth city taxpayers. Far from being an asset sale, this is a Dutch auction.

Linda Gilroy: I could not have put it better myself. To put it simply, CityBus works. It works by providing value for money, excellent access and environmental efficiency in an age that calls for responsibility, public service and sustainability.

In concluding, I want to say to the huge number of people in Plymouth campaigning to expose the folly of selling CityBus, "Keep up the good work. I will do everything I can to back you." I know that the Minister does not have powers to halt this stupid proposal—I wish he

had—but I feel it is important to tell him about something that works in the world of bus public transport, particularly at a time when the Office of Fair Trading is focusing concerns on how things are not working in many other cities and communities. I hope that he will take note of this important example of how operations in the world of bus transport can and do work, and that he can point us in the direction of how we can hold the Tory council in Plymouth to account over its appalling stewardship of this green jewel in our city's crown.

I would like to think that the Tory council's negligent handling of this issue and taxpayers' money could open it up to being surcharged. I guess it is too much to hope that the Minister will be able to point me in the direction of such powers, but I hope that he will draw the appalling record of the Tory cabinet in Plymouth to the attention of his colleagues in the Department for Communities and Local Government, so that it is fully taken into account in the assessment of the council's hopeless and hapless performance on this issue.

4.16 pm

The Parliamentary Under-Secretary of State for Transport (Chris Mole): I congratulate my hon. Friend the Member for Plymouth, Sutton (Linda Gilroy) on securing the debate and thank her for bringing these matters to the attention of hon. Members. She may be aware that I have strong empathy with her view in that Ipswich Buses, along with Plymouth CityBus, are two of only nine remaining municipal bus companies. I am well aware of the depth of feeling that the proposed sale of Plymouth CityBus is causing in her constituency. I congratulate my hon. Friend on the part she has played in raising the profile of the issue.

Of course, we all know how important a strong local bus service is to communities everywhere in the country, urban and rural areas alike, and that people have entirely justifiable concerns when their local service appears to come under threat. Central and local government provide more than £2.5 billion in support and grants to the bus industry every year, which is three times the level of support provided a decade ago. Support for local transport will remain a priority for the Government.

A reliable bus network that offers good value for money is vital to further reducing urban congestion, improving air quality in our cities and lowering carbon emissions from transport by providing a real and credible alternative to the car for many short journeys. The bus is also key to improving access to employment and other services for a great many people, especially, but by no means exclusively, those without a car.

The bus provides a connection with a community—particularly for the more vulnerable people in society—which is why, in addition to providing free off-peak bus travel across the whole of England to all older and disabled people since April last year, we are continuing to look at how concessionary fare reimbursement is paid, so we can ensure that it is administered in the fairest and most cost-effective way. Precisely because local buses are so important to the communities they serve, it is Government policy to ensure that local authorities are empowered to make decisions on the best way to manage their local bus service. That is why the Local Transport Act 2008 gave local authorities the powers they need to build stronger working relationships with bus operators so they can create binding arrangements that provide better and more sustainable bus services, with better facilities and a higher standard of service for passengers.

The 2008 Act introduced new powers to allow local transport authorities to sign voluntary partnership agreements with multiple operators for the first time, or to encourage further the use of binding quality partnership schemes, which compel operators to provide services to a minimum standard in exchange for local authorities improving facilities for passengers and vehicles. Indeed, the Act makes quality contracts schemes a realistic proposition for the first time, under which a local transport authority can introduce a London-style franchise system and take full control over the way buses are operated in their authority area.

James Duddridge: Just to clarify, does the Minister oppose the sale?

Chris Mole: The point I am making at this stage of my speech is that we have provided the powers across the piece for local authorities properly to hold bus companies to account. However, the situation would obviously be different in a case where the local authority has ownership, which is something I will come to in a moment.

We are already seeing many examples of close partnership working across the country, which is reaping real benefits for passengers. We continue to work hard to promote those new powers, providing guidance and advice to local authorities and encouraging them to make full use of the powers contained in the Act. Of course, we meet regularly with our colleagues in local government and with representatives from the bus industry, and it is clear that there is no one-size-fits-all solution.

Bus operators operate routes where people use them the most, and the economic sense of that is clear. In addition, local authorities can, and do, subsidise routes that provide a further social benefit—indeed, 500 million vehicle km run on that basis every year.

There are many important services and only a finite amount of money, but the message is the same: decisions on local bus services are best made by those locally elected to take them. Councils are elected to work in the best interests of the communities that elect them. While it is for central Government to provide the legislative framework that gives councils the tools to do their job, Westminster cannot, and should not, seek to control their actions. The same is true for the assets owned by local authorities.

4.20 pm

Sitting suspended for a Division in the House.

4.30 pm

On resuming—

Chris Mole: I was saying that councils are elected to work in the best interests of the community that has elected them, and that we in Westminster should not seek to control their actions. I was about to say that the same is true for the assets owned by the local authority. In many ways, this addresses the point raised by the hon. Member for Rochford and Southend, East (James Duddridge), who is no longer in his place. At the end of the day, it is for locally elected councils to use their

[Chris Mole]

assets in a way that provides the best benefits to the people who elected them. Plymouth city council is ultimately accountable at the ballot box to the people of Plymouth for its actions, not to us in Westminster.

Alison Seabeck: On the question of assets, if the Office of Fair Trading decides to call in and look at the impact of sell-offs and bus wars, would the Minister think it appropriate for the sale to be halted while the investigation is undertaken?

Chris Mole: People would have to look at the competition implications of a change in circumstances on a case-by-case basis. As my hon. Friend knows—I shall deal with this briefly—there is the question of the OFT review.

In all our work with the bus industry and local authorities, two clear messages come across: local buses are best managed at a local level, and transport works best when operators and local authorities work together. Our consistent improvements to the regulatory framework contribute to those goals.

Of course, there is a case for competition where it has a role to play. Hon. Members may be aware that the OFT recently published a report that encouraged more competition in the bus industry. I commend it on the depth in which it has examined this issue so far. The Department for Transport will continue to work with the OFT to decide the best course for the bus industry. We can see that even though car ownership has risen, people are still choosing to travel by bus.

So where do we go from here? The bus is absolutely key to achieving every part of the Government's transport strategy. We want to demonstrate that measures designed to support and encourage sustainable travel, including walking, cycling and public transport use, which together we have termed "smarter choices", can help to ease congestion, increase physical activity and reduce environmental impacts from transport.

Local authorities are beginning to consider their next local transport plans, and we expect to see smarter choices as a key component, as is already the case for many authorities. By implementing measures on smarter choices, including encouraging the greater use of buses, local authorities, businesses and local communities will be able to harness the benefits in their areas.

I have said that the bus is a key weapon in meeting this country's obligations on carbon reduction, and that is true, but the bus is of paramount importance to many people for any number of other reasons. Nearly one fifth of all commuting trips are now made by public transport, and I fully expect to see that figure rise even further through the support of smarter choices. With the introduction of free off-peak local bus travel anywhere in England, older people now have more freedom to travel in retirement than ever before. People feel safer and more comfortable when travelling than in the past, and those factors are reflected in rising patronage, which reverses a trend that had been drifting downwards since the 1950s.

Such changes do not happen suddenly, but take place over time, as people adapt their behaviour to a modern world in which we need to be more conscious of our carbon footprint, and in which we cannot rely on building new roads to cope with increased demand for transport. Behaviour change is absolutely integral to our strategy, which the evidence shows is working. I genuinely believe that we have the right regulatory arrangements between central Government, local government and the private sector in respect of the bus industry, and we will continue to work to build on the improvements that we have made and to construct a stronger, more robust network for the future.

I promise my hon. Friend the Member for Plymouth, Sutton that I will raise her concerns with my ministerial colleagues in the Department for Communities and Local Government. If she believes that Plymouth city council has done anything inappropriate, there is obviously a role for the district auditor to look at the use of resources. However, as I have said, at the end of the day, it is for the people of Plymouth to make a judgment on decisions taken by the city council.

I understand that CityBus provides the people of Plymouth with good access to bus services and that it is a popular service, especially with older people and because of its school-run capacity. I have spoken a great deal about the influencing role that councils can have.

Linda Gilroy: To follow through on the point made by my hon. Friend the Member for Plymouth, Devonport (Alison Seabeck) as to whether there should be a suspension if there is a reference to the OFT, would the Minister agree that, with a bus company that is as successful as Plymouth CityBus, there would be a good reason to consider putting the whole thing in suspension pending the OFT's consideration?

Chris Mole: I come back to my central point, which is that the framework that we have established puts the primary responsibility for making such decisions on the local authority. It will have to do that in the context of that knowledge, and I am sure that my hon. Friend will ensure that everyone in Plymouth knows that the city council knows that those are the circumstances.

Mr. Streeter: I want to be clear about what the Minister is saying. He is not saying that his Government are telling Plymouth city council not to sell CityBus. Is that correct?

Chris Mole: I made it clear that the framework in which we see councils having a relationship with bus companies is one for the local authority. However, having said that, I have entirely described the set of relationships between local government and bus companies, and how those can be improved by many of the frameworks that we have put in place in legislation over the past few years. Any local authority that owns a bus company should cherish the opportunity that it has and make the most of owning a bus company, because it may find that the power to influence may not always be as great as it has been through direct ownership of the bus company.

4.38 pm

Sitting suspended.

The Maldives

4.40 pm

Mr. David Amess (Southend, West) (Con): I have the honour to be chairman of the all-party group on the Maldives, following in the distinguished line of the previous chairman, Lord Naseby. I am delighted to see attending this debate my hon. Friends the hon. Member for South-West Devon (Mr. Streeter), for West Suffolk (Mr. Spring) and for Braintree (Mr. Newmark), all of whom have a real interest in the Maldives.

The all-party group was set up some eight years ago at the request of the then Maldivian high commissioner and a great deal has been achieved during that period. Last year, I had the privilege of visiting the country, together with my hon. Friend the Member for Northampton, South (Mr. Binley). We were charged with the task of monitoring the preparation for the 2008 presidential elections and exploring avenues for mutually advantageous co-operation between our two countries. This debate gives the Minister the opportunity to respond to a number of points, on which I hope the British and Maldivian Governments will be able to work together.

The Maldives has made incredible progress, with the first multi-party elections being held in October last year, President Mohamed Nasheed being sworn into office and President Maumoon Gayoom stepping down after more than 30 years. That is undoubtedly a triumph for democracy and an example that the rest of the world should applaud, as the transition to democracy was made without violence or bloodshed. That is a proud achievement for all Maldivians. Setting a similarly positive example, I am delighted to tell hon. Members that the new Government of the Maldives—a Muslim nation—has recently re-established diplomatic relations with Israel after 15 years, which is another splendid achievement.

President Mohamed Nasheed travelled last week from Malé to Manchester to address the Conservative party conference. The President spoke about the economy, democracy and climate change, which he described as a matter of "life or death" for the country.

During the summer Adjournment debate on 21 July, I reported that the high commissioner, Dr. Farah Faizal, had advised me that no funding had yet been received from the Department for International Development and that she could not get a meeting with the relevant Minister. I am delighted to say that since then DFID has met the Maldivian Foreign Minister, Dr. Ahmed Shaheed, but unfortunately the outcome is still far from totally satisfactory. DFID is offering relatively little support to this fledgling democracy, to which our country owes an obligation, given our historic ties, as the Maldives seeks to overhaul the public sector, institute democratic reform, reduce the budget deficit, improve governance and deal with the threat of climate change.

Mr. Gary Streeter (South-West Devon) (Con): Although I understand that DFID might take the view that the country falls outside its framework for assistance, does my hon. Friend agree that, being a Muslim country that is now a fully fledged democracy, if its Government and democracy were allowed to fail, it would send a bad signal to the wider world and that Britain ought to ensure that it succeeds?

Mr. Amess: My hon. Friend has immediately got to the heart of the matter. I am sure that his words are not lost on the Minister.

Since 2005-06, DFID has provided no bilateral overseas development assistance to the Maldives. In the past three years, United Kingdom net bilateral aid to the Maldives totalled only £103,000 out of a total South Asia programme worth more than £2.1 million. None of that £103,000 came from DFID; it came from other UK official sources, including the British Council. DFID offers development assistance indirectly to the Maldives through a multilateral aid programme, whereby funding is channelled through international organisations such as the European Union, the World Bank, the International Monetary Fund and the United Nations.

Mr. Richard Spring (West Suffolk) (Con): The new President of the Maldives has inherited a difficult fiscal position, as my hon. Friend is aware. It is extraordinary to note that, for a country of its size, the Maldives has a relatively large fiscal deficit and inherited debt is high. Yet in absolute terms, relative to DFID's entire budget, the sum needed would be relatively small to begin to address the matter. Just to support my hon. Friend's point, this is the youngest democracy in the world and in the Commonwealth, and we owe a great deal to it.

Mr. Amess: I understand my hon. Friend's points. I do not want to beat up the Minister too much, because if I do we will get nothing out of this debate. The whole point of an Adjournment debate is to achieve something at the end of it.

The amounts are still tiny in international development terms. Total aid to the Maldives by multilateral agencies is currently around £10 million annually, to which DFID contributes about 5 per cent. This is no substitute for dedicated UK development assistance to the Maldives through a structured bilateral programme and a specialist person operating in DFID's south Asia desk.

DFID now classifies the Maldives as a lower middle-income country, and as such it is not on its priority list of low-income countries. However, although it is not one of the world's poorest countries, it is one of the lowest lying, and as such is one of those most vulnerable to the impacts of climate change. More than 80 per cent. of the nation is less than 1 metre above sea level and, according to a 2007 study by the United Nations Intergovernmental Panel on Climate Change, a rise in sea levels of 7.2 inches to 23.2 inches by 2100 could render the Maldives completely uninhabitable. The Maldives will participate in December's UN climate summit in Copenhagen, which will be a chance to seal a deal on a successor agreement to the Kyoto protocol. This is an important issue for the residents of the Maldives.

The UK made a significant contribution to aid relief following the 2004 tsunami. DFID committed £50 million in aid, providing assistance in the form of landing craft, vehicles and humanitarian relief supplies, such as bottled water. I visited last year and saw some of the assistance that was given. The effect of the disaster was phenomenal: two thirds of the country disappeared momentarily into the Indian ocean, and when the sea withdrew, it took 62 per cent. of the country's gross national product with it. Electricity, communications and freshwater supplies on many islands were destroyed by the salt water.

[Mr. Amess]

Such disaster scenarios have the potential to multiply exponentially as a result of climate change and rising sea levels. Financial assistance is urgently required to fund adaptation and mitigation strategies, technology development, capacity building and preparation of national plans to deal with these threats. Although natural disasters can never be completely averted, it makes much more sense to support the country's investment in planning and preparation than to rely solely on emergency relief and clean-up operations further down the line.

The Maldives national adaptation programme for action, adopted in January 2007, identifies the most urgent and immediate adaptation needs of the country with regard to predicted climate change. The cost of that alone is estimated at about $100 million. The Maldives has pledged to become the world's first carbon-neutral country within 10 years. The country is showing leadership in mitigation actions to reduce national greenhouse gas emissions and demonstrating its commitment to stopping climate change. The British Government should reward such nations for leading and setting an example.

The Maldives has an international reputation as a tropical paradise of white sands and wonderful waters, as we all know. Tourism is the main economic activity in the country; it contributes about 30 per cent. of gross domestic product. The annual number of tourist arrivals is greater than the total population of the Maldives, and 70 per cent. of the foreign exchange that flows into the country comes through the tourism sector.

However, the very things that attract tourists to visit the country are some of those most under threat. I am referring to land and beach erosion and damage to coral reefs, for example. I hope that the United Kingdom Government will help the Maldivian Government to act now to prevent the loss not only of the special ecology of the islands, but of the country's most vital source of income. Rising water levels pose a threat to livelihoods, infrastructure, food security and health—for example, through the flooding of homes and agricultural land, contamination of ground water and an increase in waterborne diseases.

The Maldivian Foreign Minister met representatives of DFID and secured 50 per cent. funding for the V14 meeting next month; the 14 countries most vulnerable to climate change will meet in the Maldives on 9 and 10 November. I fully acknowledge that that is a most welcome contribution, but I hope that the Minister will pledge that he will see whether even more can be done.

The Maldives' programme of economic reform presents new opportunities for United Kingdom businesses. The plan to make the Maldives carbon-neutral within 10 years offers particular possibilities for co-operation, as UK companies have expertise and know-how in the field of renewable and low-carbon energy.

The British Council has done a great deal, and I hope that it will do even more. It does not have a dedicated presence in the Maldives, although there is an office in Sri Lanka. The Voluntary Service Overseas programme in the Maldives closed this year, as the country's rating on the UN's human development index has considerably improved in recent years. Adult literacy, for instance, is almost 100 per cent. However, there is a huge shortage of teachers in the Maldives, which follows the United Kingdom's GCSE and A-level system. Some 3,000 students sit A-levels each year, but the Maldives has no university for them to attend. My colleagues and I are working to address that issue and establish links with individual British universities, and I think that we are making some progress. However, additional assistance from the relevant Department and the British Council would be highly beneficial in meeting the Maldivian Government's higher education objectives.

The main scholarship scheme promoted by the British Council in Sri Lanka is the Chevening scholarship scheme, which the British Government created in 1994. The Maldivian Government would also like to institute a volunteer programme for United Kingdom graduates to teach at schools in the Maldives, as part of the international wing of the Maldives volunteer corps. I hope that many graduates will take advantage of that opportunity, which is being promoted by the high commissioner. I think that the British Government would like to take that forward and ensure that more graduates set an example with that initiative.

DFID global school partnerships promote partnerships between schools in the United Kingdom and schools in Africa, Asia, Latin America and the Caribbean. Again, such partnerships provide a wonderful opportunity. The UK international health links funding scheme is a Tropical Health and Education Trust and British Council funding scheme supported by DFID and the Department of Health. The Maldives would definitely benefit from such assistance in the health care sector. The acute scarcity of skilled health personnel is a major constraint in the sustainable development of the Maldivian health sector. The links between environmental and human health are not unknown, and the Maldives finds itself in a precarious position in that regard.

To continue the educational theme, having worked to promote and strengthen educational links between our two countries, I am shocked and appalled by the situation in which many Maldivian students find themselves. As there is no British diplomatic mission in the Maldives, applications for United Kingdom student visas must be made in Colombo, Sri Lanka; Maldivian citizens enjoy visa-free entry to the UK as tourists. That has been causing delays in visa processing, and as the university year has commenced, some students are in danger of losing their places. Last year, out of 113 student visa applications, 86 encountered problems, which caused considerable delays and financial cost to the students.

It is absolutely ridiculous that citizens from the Maldives must travel to Colombo to apply for a visa. That is unacceptable. I hope that the appropriate Department will reconsider the present arrangement. I see no reason, if it is not possible to post a UK Border Agency official to the Maldives, why it should not be a condition of the outsourcing contract to have, at the very least, an approved officer in the Maldives to collect the necessary information, which could then be forwarded to staff in India for processing. I simply do not understand the situation, and I have written to the Home Secretary and the Foreign Secretary on the issue.

To conclude, I am delighted thus far with the assistance that the Government have given the Maldives, but given our historical links, I hope that the Minister will be persuaded to do even more.

4.56 pm

The Minister of State, Foreign and Commonwealth Office (Mr. Ivan Lewis): I congratulate the hon. Member for Southend, West (Mr. Amess) on securing this important debate. I welcome his genuine concern and interest, which he has shown over a long period, in the Maldives and in pursuing the interests of the people of the Maldives. I am sure that we would all acknowledge the genuine passion with which he made his contribution—I also have to say that I hope that he continues to enjoy many a holiday in what is a beautiful country.

Our relationship with the Maldives remains a very important priority for the United Kingdom. I assure the hon. Gentleman and other hon. Members present, as well as our friends in the Maldives, that we as a country are fully committed to providing all the support that we can to the Maldives at this transitional and crucial moment in its history.

The debate is an important opportunity to applaud unashamedly the Maldives for its impressive progress on both development and democratic reform in recent years, of which all Maldivians can be incredibly proud. The hon. Gentleman rightly welcomed the first multi-party presidential elections in 2008 and parliamentary elections earlier this year. I commend the success of those historic elections and I recognise the role played by the new Government and the outgoing Administration in ensuring the smooth and peaceful transition of power that followed. The elections were undoubtedly an important step on the path to establishing an effective, accountable and functioning democracy.

We as a country played an important role in supporting the elections. We maintain regular contact with Government and opposition parties and encourage cross-party dialogue. It is vital that the new Government continue to consult and involve the opposition parties and the Maldivian people in the important decisions that they are making to continue to strengthen democracy.

I pay particular tribute to the hon. Member for West Suffolk (Mr. Spring) for his personal contribution to and support for that smooth transition of power and for his contribution to emphasising the importance of sustaining that responsible approach from the new President and Government in an environment of reconciliation. The hon. Gentleman deserves tremendous credit for the role that he has fulfilled.

I want to draw attention to the President's visit to Manchester—my home city—only last week. I want to put it on record that the President's speech was by far the best speech heard during the entire period of that conference in Manchester. With the funding that we have provided, we have continued to help the Maldives to consolidate and strengthen its democratic institutions, and to raise awareness of the rights and responsibilities of civil society and the democratic system. As part of the European Union, we have taken part in election observation and contributed to projects on democratic reform. The hon. Member for Southend, West was right to raise the specific question of climate change, and I will come on to that in a moment.

Our contacts with the new democratic Government reflect our support for political reform and economic development. The Prime Minister and the Minister with responsibility for Asia met President Nasheed in April specifically to discuss democratic reform, climate change and the economy. As the hon. Gentleman said, Ministers from the Department for International Development have recently held talks with the new Government to discuss development issues. Through regular visits to the Maldives, the British high commission in Colombo maintains strong relationships with the Government, opposition parties and civil society.

The country undoubtedly faces development and economic challenges, but there is no question but that over the last three decades it has made significant progress on development. It has moved from being one of the 20 poorest countries in 1978, to having one of the highest per capita incomes in south Asia. The economy has expanded at an average of 7 per cent. per year for the last 25 years through effective development of the tourism and fishing industries. The powerful progress that the country has made on provision for education and health is indisputable.

The hon. Gentleman was right to recognise the serious fiscal challenges that the country now faces. Those challenges threaten to overshadow recent economic and political progress. President Nasheed has made it clear that he has inherited a large fiscal deficit. We recognise the vital importance of the reforms that the Government of that country seek to implement during a difficult time of economic downturn.

During the debate, the hon. Gentleman suggested that the UK should offer more financial support to the Maldives at this particular time, and that we should reopen a DFID bilateral programme. He was right to say that DFID has not provided any bilateral development assistance to the Maldives since 2005-06. As a former DFID Minister, I can say that DFID unashamedly prioritises its overseas development assistance to the lowest-income countries where it believes that it can make the most difference to poverty levels. The Maldives has an impressive record of poverty reduction, and will shortly graduate to middle-income country status. It has achieved all but two of the millennium development goals that world leaders signed up to during the Gleneagles conference.

In a spirit of bipartisanship, I say gently that it is not the position of the shadow Secretary of State for International Development, or the Leader of the Opposition, to change development policy regarding where the UK targets its resources, which is on those countries that most need support for the elimination of poverty, and those countries that have made very little progress. It would be entirely inconsistent for the Government to single out the Maldives and make it an exceptional case; we must apply the criteria in a consistent way. It is not only a question of my Government taking that position. In my view, based on his previous policy statements, the shadow Secretary of State for International Development would adopt exactly the same position if he ever had to make such a decision.

The UK is a major donor to the Maldives and, as the hon. Gentleman said, it is important that we calibrate that through significant contributions to international financial institutions such as the IMF, the World Bank and the Asian Development Bank. We have encouraged the Maldives to approach those financial institutions and we have helped with technical assistance to enable it to do so. Only this year, the UK funded a fiscal policy adviser who assisted the Maldives with its recent negotiations with the IMF. When an application is

[Mr. Ivan Lewis]

presented to the IMF board, the UK will work to ensure that it contributes the necessary resources for economic stability and development in the Maldives. We will use our influence with the IMF to get the right outcome, providing that the bidding process and the application meet the necessary business standards.

As the hon. Gentleman acknowledged, bilateral co-operation must mean more than just financial assistance. The UK helps to build capacity through targeted interventions in a range of areas to help the Maldives tackle some of the serious challenges that it faces, the greatest of which is climate change, an issue that has been well reported in this country in recent times.

The effects of climate change are devastating for the fragile environment of the Maldives, especially since 80 per cent. of its 1,200 islands are no more than 1 metre above sea level. That makes it an almost unique situation in the context of the climate change debate, and that is why it is crucial that at the UN conference on climate change in Copenhagen in December, we see an ambitious deal that is comprehensive and equitable for all countries. We believe that a global deal that addresses carbon emissions, funding flows and technology represents the best way to protect countries which are particularly vulnerable to the effects of climate change, such as the Maldives.

As hon. Members will be aware, our Prime Minister will be leading the United Kingdom delegation and demanding that the international community does the right thing on climate change, in the same way as he led the international community in ensuring that we did exactly the right thing during the economic crisis that we have just faced.

We welcome President Nasheed's leading role on the international stage in highlighting the impact of climate change on vulnerable countries, and we fully support his recent announcement of a forum for leaders of countries vulnerable to climate change, which will be held in the Maldives in November. I also applaud the President's announcement in May about his ambition for the Maldives to become the world's first carbon neutral country by 2020. That is the kind of ambition we want from other players.

In terms of adaptation funding, the UK continues to support the least developed countries fund and the special climate change fund, and we encourage the Maldives to seek further support from both those funding mechanisms. The United Nations framework convention on climate change adaptation fund is due to become operational early in 2010, and we hope that the Maldives will be able to benefit from funding very soon.

I will deal specifically with the hon. Gentleman's concerns about student visas. I was unaware of that issue before this debate, but I will be more than happy to take the matter up and see whether we can make progress across Government with all the agencies that bear responsibility for the issue, to see whether we can remove some of the unreasonable, unnecessary obstacles and red tape that prevent student visas from being processed in a more efficient way. I will write to the hon. Gentleman and make him aware of how we intend to approach the matter, and I will keep him fully informed.

There is no doubt that the Maldives is heading in the right direction. We applaud the fact that President Nasheed and his colleagues are making significant progress in consolidating what is a new democracy. The Maldivian Government have shown domestic leadership and vision on the reform agenda, but at an early stage they also showed international leadership on climate change. The UK is a staunch friend of the Maldives, and we shall continue to help and support it along its path. As friends, we shall encourage it to make further progress on sustainable economic development and human rights, so that the Maldives can secure its position as a progressive and democratic country.

It seems to me that the reconciliatory approach taken by the President, with its lack of vengeance and revenge for some of the human rights abuses that he and many of his associates suffered, is of great credit. One could argue that it follows the model demonstrated by Mandela when he assumed leadership in South Africa; it shows the importance of reconciliation, of building bridges and of not looking backwards. I end today's debate by paying tribute to the President for that; the United Kingdom will stand alongside his Government in dealing with the economic, social and climate change reforms necessary for the future. We look forward to remaining a staunch friend of the country.

Question put and agreed to.

5.9 pm

Sitting adjourned.

Westminster Hall

Thursday 15 October 2009

[MRS. JANET DEAN *in the Chair*]

Sure Start

Motion made, and Question proposed, That the sitting be now adjourned.—*(Kerry McCarthy.)*

2.30 pm

The Minister for Children, Young People and Families (Dawn Primarolo): Good afternoon, Mrs. Dean. It is a pleasure to see you chairing the debate. I am grateful for the opportunity to talk about Sure Start and children's centres, which are among the Government's proudest achievements. It is difficult to overstate the value of their impact on the everyday lives of mums and dads from all walks of life around the country. Sure Start children's centres give them access to antenatal and post-natal support, high-quality nursery care, health services, top-quality parental support, support for employment and training, and, very often, to the friendship of other mums and dads in their local community, from which they are able to draw more support. That was backed up by yesterday's fantastic early years foundation stage results, which show that the overall achievement of our five-year-olds is improving in every region. They also show that more than 100 local authorities are narrowing the gap between the highest and the lowest-achieving five-year-olds, and that overall achievement has improved by three percentage points nationally. That is only one percentage point away from the 2011 target and is the highest rate of achievement since records began. In addition, the results show that boys' achievement is improving in 11 out of the 13 early learning goals and has stayed stable in two others.

The results also show that, at the important age of five, children's centre services play a fundamental role in the lives of families and children up and down the country—so much so that it can be easy to forget that Sure Start did not exist when this year's secondary school starters were born. In 1997, none of these services existed. Back then, there was a disparate and rag-bag mix of provision, with enormous differences between the quality of early childhood services across the country—if parents could get anywhere near them in the first place. It was largely, but by no means exclusively, people in the poorest areas who endured the biggest postcode lottery regarding the quality of provision. The gap between the most disadvantaged children and the rest of us was allowed to grow unchecked in the decades before 1997, with children from vulnerable backgrounds carrying that disadvantage on into primary school and beyond into their employment. Each of those children was being denied the best start in life that would allow them to develop their potential and make the most of their future.

Sure Start was designed to reverse that inequality by recognising what most parents know anyway—that pregnancy and the first five years of a child's life are as important as the next 45 years. Our investment into those children, as communities and as a nation, is crucial. Like many Members of Parliament and like you, I am sure, Mrs. Dean, I have visited many children's centres both in my constituency and around the country, and I am confident that we have a level of consistency and quality in our children's centre services that could match any in the world. That is a fantastic reversal to have made in such a short space of time.

Mr. Jamie Reed (Copeland) (Lab): I regret having intervened on my right hon. Friend, because she is making such an important contribution, but let me return to the point that she just made about the effect that Sure Start is having on reducing disparities between wealth and life chances within our country, as that is very important. Clearly, we are all committed to the Government's child poverty goals—indeed, they are now in statute—and to the abolition of child poverty by 2020; how will current, comprehensive Sure Start provision and our planned expansion of Sure Start provision help us to achieve our 2020 child poverty targets?

Dawn Primarolo: The network of services that come together in a Sure Start children's centre directly address the reduction of child poverty. Let me give my hon. Friend a few examples before moving on in my speech. We know that children are most affected and influenced by what goes on in the family. If their parents are isolated and unable to get into the labour market, or do not have the skills to do so, a crucial mechanism for getting them back into employment can be access to skills and training. The work that Jobcentre Plus and colleges are able to do, and the remote learning that has been established through systems of support in Sure Start centres, means that parents are able to gain new skills and qualifications and are able to return to work supported in the sure knowledge that their sons and daughters will receive expert child care in a package that will support them while they are at work. That does not completely deal with the issue of work-family balance—we all know that is difficult, and we have more to do on that—but Sure Start centres are there, making sure that those parents can be supported.

All that means that we are starting to prevent the cascade down through generations of low aspiration, perhaps, and definitely of poverty and disadvantage, although we still have more to do. It also means, as the early years results that were published yesterday show, that we are able to make sure that in a very demanding world, in which social skills—language development, confidence, the ability to mix with others and the communication that starts so early in a child's life—are important, as well as academic skills, children are being provided with opportunities to develop those skills in Sure Start children's centres. That means that those children develop into confident primary and secondary school pupils who are able and ready to learn, and that they transfer into the world of work with the skills, ability and confidence that we will want them to have when we depend on their services—when they are in this House, running this country and making sure that our lives are secure. I cannot state strongly enough the importance of, and our commitment to, working with and supporting parents in those early years. That work is an investment not only in those parents, but for the whole community, because otherwise economic potential will be lost from parents now and from children in the future. That is how it will contribute to the anti-poverty targets.

[Dawn Primarolo]

There is a Chinese proverb, which I hope I can remember correctly. It states that if you are thinking a year ahead, plant a seed; if you are thinking 10 years ahead, plant a tree; if you are thinking 100 years ahead, educate the people—the Chinese always plan a long time ahead when looking to secure the future. I say, educate the children, and that is what we are doing.

Tom Levitt (High Peak) (Lab): I apologise to my right hon. Friend the Minister and to other hon. Members because I am unable to stay for the whole debate: I have to meet two employees from the Hadfield Sure Start children's centre in my constituency who are attending, as my guests, an event for community heroes at No. 10 Downing street this evening. I am pleased that she mentioned Jobcentre Plus, because the Hadfield Sure Start centre is a good example of how Jobcentre Plus staff, working with lone parents, can become a fully integrated part of the service provided by Sure Start centres. Will she pay tribute to the communities that have taken those lone parent advisors on board and integrated them into the Sure Start delivery service to play a full role, exactly for the reasons she has just outlined?

Dawn Primarolo: I congratulate my hon. Friend's constituents from the Hadfield Sure Start centre on their invitation to attend the community heroes reception tonight. I am sure that we all want to pay a huge compliment to all the staff who work in and around children's centres and to express our debt of gratitude for their dedication to the principles that I have just outlined. Jobcentre Plus, the health service and, in many areas, local authorities look directly at children's services and, rather than saying, "I will offer a service here or a service there," recognise that parents are there with their children and that we should take the services to them and build them around a family view and a child view, rather than expect them to negotiate the systems and structures that have grown up over years. Sure Start children's centres offer a unique opportunity, building on Every Child Matters, to empower and support families and parents and ensure, when looking at the location of that provision, that those services are family-focused and child-focused, rather than structure-focused.

I visited one of the Sure Start centres in my constituency last Friday, and that highlighted for me a further point about how services can be brought together. The occasion was a celebration of Booktrust called Bookstart Week. We were there to give to the parents of 18-month-olds and three-month-olds nursery rhyme books to be read to the children. The library service was also present because it organised for a story teller to come in and take part in the activities for Bookstart. That involves the parents, but the mobile library was also there, and that is connected to the local college, for courses, to Jobcentre Plus, to health visitors and to GPs.

In that children's centre, opportunity was taken not only to involve parents in reading and story-telling for their children's development, but to work with them on what they needed and wanted to do with their lives. There was a particular focus on dads, because dads often do not feel relaxed, or feel that that they cannot be found in the children's centres. Special facilities and clubs are run to get dads to come in and talk about the pressures they feel and what they want to do as part of their children's development. There is a huge amount going on already, but there is still much potential to develop.

It is always important to focus on the real changes that the Sure Start has made in people's lives. I shall give an example. A mum wrote to the Department of Health recently to say thank you for Sure Start children's centres. She had suffered from post-natal depression after the birth of her first child and had not left the house for two years. After the birth of her second child, a health visitor suggested that she go along to her local Sure Start centre. The staff there helped her deal with the children's sleep problems and taught her about child behaviour and her own parenting behaviour. At the same time, they encouraged her to go on a fourth first aid course, take an IT course and think about work—a point to which my hon. Friend the Member for High Peak (Tom Levitt) referred. That mum said quite simply that the centre had changed her life, and changed it for the better. That is the kind of anecdotal evidence we all hear, almost without fail, when visiting a centre, and each time those stories reinforce the huge human impact Sure Start has had on countless families across the country.

As we get closer to hitting our target of having a children's centre for every community by 2010, the research is backing up that evidence. The latest national evaluation for Sure Start shows, for instance, that in areas where there is a children's centre, parents of three-year-olds showed more positive parenting skills than those in areas without a centre and that they provided a better home learning environment. The three-year-olds showed better social development and a higher level of positive behaviour and independence, and the families took much greater advantage of the range of child and family support services available to them than did the parents in areas that, as yet, do not have a children's centre.

The Sure Start children's centres' survey of parents published earlier this year showed that more than 90 per cent. of mothers and fathers who use the centres were pleased with the service. We have been able to achieve all of that because we designed Sure Start on the basis of what families needed and on the best international evidence. We used research from countries such as the US, Canada, Switzerland and New Zealand, which showed that there is a substantial return to be gained on investment in good early years provision.

I have talked about the impact on families and the importance for the individuals, but those who want to be much more hard-nosed about it should look at the economic impact of early intervention that ensures that the later intervention in people's lives when they have started to go wrong, which is much more costly, is unnecessary. We know that the investment in services for the under-fives reduces the welfare spend by improving the life chances of children and by helping their parents. We know that it improves the cognitive development and behaviour, with knock-on benefits for all of us, by reducing antisocial behaviour.

I was utterly staggered to read a recent newspaper report that stated that the Taxpayers Alliance and the Institute of Directors had suggested cutting Sure Start

on the basis that it was not working. To say that it is disappointing that two such prominent and vocal groups could put their names to such an ill-informed report would be an understatement. Perhaps when the hon. Member for Basingstoke (Mrs. Miller) speaks, she would make it clear in this debate whether her party is equally committed to continuing to fund and invest in Sure Start, or whether they are still married to the idea of cutting it.

Judy Mallaber (Amber Valley) (Lab): I am sorry that I was unable to be here at the start of the debate. I have visitors from Bangladesh.

On my right hon. Friend's last point, would she reassure me that in my county of Derbyshire, which has been very much at the forefront over the years in early years provision and introducing Sure Start and then children's centres—we now have 46, with six in my constituency—there will be such provision? We now have a change in control of the county council. Will it be able to scupper plans for the last places where Sure Start and children's centres were to be opened?

Dawn Primarolo: I can assure my hon. Friend that we will do our utmost to ensure that all local authorities deliver on their children's centres by March 2010. Indeed, we are investing £1 billion a year by next year to ensure that that happens, and we are monitoring councils to ensure that it happens, that resources are ring-fenced and that the services that we require are delivered.

There is something behind her suggestion that is obviously of concern to me. In the face of all the evidence of educational, social and developmental benefits for children through Sure Start centres, it is truly amazing that any local authority or political party would countenance cutting such provision. We would stand practically alone in the developed world if we had political parties that do not recognise, as this Government do, that investment in those early years is crucial.

Mrs. Maria Miller (Basingstoke) (Con): Of course, I would not want the Minister to be anxious for any longer than absolutely necessary. She is well aware that the Conservative party has no plans to cut Sure Start. That has been made clear by several colleagues and by me for a long time. Could she give us the evidence on which she bases her assertion that that was a previous position of our party?

Dawn Primarolo: Indeed, I can. The shadow Secretary of State for Health announced that the Conservatives would pay for an increase in health visitor numbers by raiding Sure Start budgets to the tune of £200 million.

Mrs. Miller: The Minister misunderstood the policy.

Dawn Primarolo: I am giving the answer to the hon. Lady's question. That is 19.5 per cent. of the total budget, and therefore will lead to cuts.

Secondly, when the shadow Chancellor was repeatedly pressed by the BBC reporter Nick Robinson on whether he would guarantee the expenditure, he said that he could not give any such guarantee. What I said was based on what had been said by her party, but if, when she speaks, she were to say that her party has changed its mind and will not be doing either of those things, all of us in this Chamber would be pleased to hear that.

Mrs. Miller: Will the Minister give way?

Dawn Primarolo: I have one sentence left, but I will give way and then conclude with my one sentence so that the hon. Lady can make her speech.

Mrs. Miller: I thank the Minister for giving way. Perhaps she could assure her party today that the Prime Minister is also ring-fencing and guaranteeing the funding for Sure Start. Is that the position of her party?

Dawn Primarolo: The hon. Lady knows full well—I have just said it—that more than £1 billion a year will be invested in Sure Start services by next year. That investment will continue to change people's lives. I do not think that either the Secretary of State for Education and Skills or the Prime Minister could be any clearer on that.

I believe we all know well the Jesuit saying, "Give me a child until he is seven, and I will give you the man." It shows how over time there has been an appreciation of the importance of investing in the early years. This Government were the first Government to invest systematically in the early years—some £25 billion to date, and commitments on funding—in partnership with local authorities. In my view, Sure Start truly is the crowning glory, the jewel in the crown of all the many achievements of this Government, and it is vital to families and young people in this country.

2.55 pm

Judy Mallaber (Amber Valley) (Lab): I thank you, Mrs. Dean, for giving me time to speak. Unfortunately, I have not had time to prepare anything because I am between visitors at the beginning of this debate and visitors coming later, but, as there are no other speakers, I will happily say a few words from my experience.

Derbyshire has had an absolutely excellent record in this area. It was very much at the forefront when there was an excellent, progressive Labour county council. One of my county councillors was very much in the lead on the local early years programme. Various projects and resources available from central Government have been used, first, to extend early years provision, then to bring in nursery centres and, finally, develop children's centres, thereby making our services coherent.

I remember one of the areas that I went to when I was a candidate before the 1997 election. I was pressed by one of our nurseries, which is now at the hub of some of this work in Alfreton, which is in a deprived area, to visit because they wanted to explain to me how the then Conservative policy around nursery vouchers would not work and was not the kind of development they wanted.

My right hon. Friend the Minister spoke about the educational and social development of children who have been able to participate in these programmes, and I have some figures for Derbyshire. The proportion of young children achieving a good level of development, as measured by the early years foundation stage profile, rose from 55.1 per cent. in 2007 to 60.4 per cent. in 2008, compared with a national average of 49 per cent. We can show positive progress in the development of our young children. We have also made progress in just

[Judy Mallaber]

one year in narrowing the gap between the lowest achieving young children and the rest, from 36.3 per cent. in 2007 to 33.7 per cent. in 2008.

What is so important is that the children's centres are flexible. They can respond to suggestions that are put forward by parents and by the local community on what is needed in the area. Tomorrow, because I am keen to attend the debate in the Commons on the Damages (Asbestos-Related Conditions) Bill, which deals with pleural plaques, I will not be able to join one of our local organisations that links into the Sure Start centres. It provides clubs for mothers to do peer counselling on breast-feeding. That important activity has taken place and has been very much linked into Sure Start and children's centres.

Mr. Jamie Reed: Does my hon. Friend find, as I do, that when she speaks to health workers and people associated with infant schools, primary schools, GP practices and hospitals in her area, they are all passionate about the work that Sure Start does, and that they believe that their core work and the efforts that they have make to improve the lives of people who come through their doors would be seriously hampered by any cut in Sure Start provision?

Judy Mallaber: I absolutely agree with that. My hon. Friend mentioned health provision. An interesting area is the link between services, and how different services can function from children's centres and Sure Start provision. There has been some talk, which may be referred to later, about what happens with health visitors, and how we ensure that they are available to people. That service is provided from Sure Start centres, and it is made coherent with looking at the other needs of people.

I asked the Minister about Sure Start centres a while back, after inviting her to visit one of ours, but my neighbour and hon. Friend the Member for Bolsover (Mr. Skinner), jumped in, requiring her to visit his children's centres, too—jumping on the bandwagon and promoting the cause of Derbyshire. He commented that not only were there health visitors in both the children's centres in his constituency, but they also had national health service dentists there. So there can be a wide variety of provision.

When the Leader of the House of Commons visited the Sure Start centre in Langley Mill children's centre a few months ago, she saw the Crafty Crew group, which works with children, providing entertainment and skills. The range of different facilities that can be and are provided from that base is fantastic, and developing that is one of our proudest achievements.

Sure Start did not just come as a fully formed policy at the beginning of this Government; it has developed from trying out types of provision and trying to move those into different areas. That is important. We did not just say, "We are going to plonk a children's centre in every area." It has developed from our development of early years provision and provision for the later years.

We are all positive about the work that the centres have done. Any suggestion of cutting back in any of these areas would be a huge mistake, because they enable us to provide joined-up services to our youngsters, giving them the opportunity to develop and get the provision that they need, along with the support that their families need, to enable them to progress.

Each of us who has visited the centres in our areas could describe a range of things that go on in them, although there are common features and the centres are growing and developing all the time. For example, help is offered to young mothers who may want to get back into employment, including courses and activities that may not be directly work-related immediately, but give them confidence in their abilities and skills to do things. It is important that we combine the developmental activities for the youngsters—combining the Sure Start centres with the nursery centres and pre-school provision in an area—assisting their development, with support for families and with the more hard-edged social provision that we need for deprived families who are perhaps in some difficulties. In that way, the services can be provided from and in co-ordination with the centre. We should be looking at how we can put on activities and offer assistance that may help parents get into employment and acquire the skills they need, including giving young mothers the confidence that they need to get back into work, linking into the health provision that I have mentioned, including using those facilities to encourage the benefits of breast feeding, with the health benefits that it brings, which is important.

I welcome this debate. I am sure that a large number of hon. Members could tell positive stories about the development of Sure Start and children's centres in their constituencies. I hope that there will not be any threat to the future of this provision and hope that we will, instead, consider how to develop it in a way that is not top-down, or with suggestions being made from the top and the development coming from the bottom—asking people in the communities who use those centres what they need and what kind of services they would most like to see provided.

Long may the Sure Start centres go on. I welcome this debate and applaud the work that has been done.

3.3 pm

Tom Levitt (High Peak) (Lab): Mrs. Dean, you will not be surprised to hear that my remarks will complement and reinforce the message of my hon. Friend the Member for Amber Valley (Judy Mallaber). As the MP for a constituency bordering Derbyshire, I am sure that you look with envy—as does my hon. Friend the Member for Denton and Reddish (Andrew Gwynne), whose constituency also borders it—at the high quality of pre-school education, particularly in Sure Start centres, delivered in our county.

Over the last 10 years, the local authority and the Government have worked together to ensure that the aims of Sure Start are delivered, as my hon. Friend said, as part of a comprehensive strategy for everybody. However, it started off, quite rightly, with consideration about where the need was greatest. The longest-established Sure Start centre in my constituency is at Gamesley—from where I can almost see the constituency of my hon. Friend the Member for Denton and Reddish—which I want to tell right hon. and hon. Members about. It was a children's centre even before Sure Start and it has been integrated with nursery provision, health and adult education, with specific lottery-funded initiatives. It is

in a deprived constituency. People would not think, looking at most of my constituency, that it contained one of the 5 per cent. most deprived wards in the country, but it does. The centre has provided a focus for the energy of that community to be brought together—it is the glue holding an otherwise fragile community together—and it is one of a number of public services that have been enhanced in recent years.

Lynne Kennington, who runs the Sure Start centre at Gamesley, is widely acknowledged on the national stage of Sure Start—*[Interruption.]* The Minister is nodding, so she clearly knows that name. We are proud of and delighted with the work that Lynne and her team are doing for some of the most deprived children in my constituency.

During the 2005 general election, I had the pleasure of taking the then Deputy Prime Minister to the building site of the Fairfield Sure Start centre in Buxton, in the second most-deprived ward in my constituency. That centre was fully up and running a few months after the election and it has been seamlessly and instantly integrated into the pattern of provision for that community: it is next door to the youth centre and on the same campus as the infant and junior schools and looks and feels as though it really is part of that community, even though it has only been there for a relatively short period.

I am particularly pleased with the way that the former High Peak and Dales primary care trust, now known as Derbyshire County PCT, has engaged with the Sure Start centres, and Fairfield is perhaps the best example of that. Like the centre in Bolsover that my hon. Friend the Member for Amber Valley mentioned, we have an NHS dentist facility in the Fairfield centre—there is a vacancy for a NHS dentist there, if anyone is interested—which is tackling a need that was there. This part of the constituency had the greatest level of dental caries and the lowest level of child registration with dentists, so Sure Start was used as the medium for bringing that service along.

The Fairfield centre was closely followed by one at Glossop, with the conversion of a former teachers' centre on the edge of a deprived estate at Whitfield.

Another purpose-built Sure Start centre came along in Harpur Hill, at Buxton, built on the campus of a primary school as part of its general development, with wider community use in mind, including shared facilities, to serve the ward as part of the extended-school concept.

Number five on the list is the centre at Hadfield, which I mentioned earlier during an intervention. We have just celebrated the 3,000th Sure Start centre in the country, and I am pleased to say that my Derbyshire colleague, the hon. Member for Amber Valley, and I both have six centres in our constituencies, so we are doing better than average. The centre at Hadfield has been established quite close to a primary school and adjacent to a nursery. The vibrancy of the team there—from memory, they are exclusively women, which may be an issue; perhaps we need more men working in Sure Start environments—means that there is so much energy, vitality and commitment to reach out into communities. I had no hesitation inviting representatives of this team to the community heroes event tonight. Anita Mistry and Karen Foster will be on their way across London now. Later, they will get a tour of the Commons, before going over to Downing street.

The sixth and final Sure Start in my constituency is at New Mills. At the moment, it functions pretty much as a virtual Sure Start, because it does not yet have permanent premises, although they are being built. There was a big debate about the centre, and I am not convinced that it is entirely in the right location. Although it is not in the most deprived part of town, however, I am told that it is attracting a clientele from among those who most need it in the New Mills East ward. The situation is being monitored carefully to ensure that the work is targeted at those most in need.

Like my right hon. Friend the Minister, I was involved in a Bookstart event, which was held by the Sure Start people last week at New Mills library. I thoroughly enjoyed the story and I was just as scared by the crocodile as the children were. One member of the library staff there has the job of liaising with Sure Start in the area, so it is a case not just of Sure Start attracting and working with other services, but of other services looking to Sure Start to see how they can share facilities.

Mr. Jamie Reed: My hon. Friend is making an excellent contribution, although I must stress that my constituency is nowhere near Derbyshire or Lancashire.

Judy Mallaber: Come and visit.

Mr. Reed: I thank my hon. Friend for that offer and I will take it up.

Does my hon. Friend the Member for High Peak agree that one of the criticisms that has been regularly levelled at the Government during their time in office is that they have redistributed wealth and opportunity by stealth and not talked enough about that redistribution? As he will know, certain commentators in the political sphere are discussing theories about nudging people towards certain behaviours. One of Sure Start's unbridled successes in areas of need up and down Britain is that it does an awful lot more than cater for children and meets an awful lot of unspoken policy objectives. My hon. Friend talked about Bookstart and literacy, and he will know that literacy is similarly only one small part of Bookstart. It is also about getting parents to read to their children, helping the family unit to cohere, getting parents to set an example and promoting social cohesion. Does my hon. Friend agree that one of Sure Start's unsung triumphs is that it promotes social and community cohesion and helps the family unit to stay together? It is a fundamental social good—it is about much more than child care.

Tom Levitt: To that particularly long intervention, let me give a particularly short answer—yes. My hon. Friend is absolutely right. At last week's Bookstart event, a lady told me about the books that she had received—the ones that people are given when their child is nine months old. When the family subsequently went on holiday, they took a bag of books with them, and the parents would read to their 18-month-old daughter every night. That lady talked to me about the role that books played in her family in a way that suggested that there had not been a culture of books.

Similarly, on a recent visit to Sure Start, I was told that one had been able to feel the nervousness the first time a police officer had come in. Now, however, police

[Tom Levitt]

community support officers go into the Sure Start centre in their yellow jackets and they are part of the family of people who work there, building relations with the children even at a very early age. For the reasons that my hon. Friend mentioned, that represents a huge investment in the confident, self-regulating, self-disciplined communities of the future, from which we will all benefit.

I could not talk about my experience in Derbyshire without mentioning my previous experience as a resident of Gloucestershire. When I was a parliamentary candidate there 20-odd years ago, my right hon. Friend the Minister came up from Bristol to visit me—she has not changed a bit. In those days, we had an odd situation in pre-school education. When Princess Diana came to live in Gloucestershire, we welcomed her because she was a pre-school teacher. At the time, there were no local authority pre-schools in Gloucestershire. It had been a Conservative authority for ever, and pre-school work had never been a priority. I know that that was 20 years ago and that we have all grown up and learned since then, but the proof of the pudding is in the way in which political parties demonstrate what they can achieve when they are in power. The Tories completely neglected nursery education and pre-school education generally because they did not see themselves as having a role in it. I hope and pray that during the short time in which my hon. Friend the Member for Amber Valley and I have lent Derbyshire to the Tories—we will get it back in three and three quarter years—they will not dare to touch the Sure Start centres. Those centres cater for everybody and for a very real need. They are an investment in safe communities for the future.

Finally, let me declare an interest. I heard yesterday that I am to become a granddad for the third time, so I have a vested interest in making sure that Sure Start and all pre-school and school facilities, which have benefited from the investment, spirit and courage of this Labour Government, remain as good as they are, both now and in the future.

3.16 pm

Annette Brooke (Mid-Dorset and North Poole) (LD): Perhaps I should start by declaring a similar interest in that I have a granddaughter who, until my daughter returned to a work after a year, engaged in many activities. She still goes along when possible, sometimes with her grandfather.

In 1997, I happened to be the chair of education in a new unitary authority. Although it was not 20 years ago, there was just one state-run nursery school. The mix of private and voluntary sector provision was important, but supply was very limited and there was virtually no family support. Child poverty increased in the 1990s and by 1997, the number of children living in households in poverty had reached extremely high levels.

The Liberal Democrats—I will put this firmly on the record—welcome the enormous commitment that the Government have made to expanding nursery education and setting up Sure Start centres. In general terms, the centres mirror a model that we proposed in a policy paper many years ago. We have always understood that investment in the early years and early intervention are crucial for families, children, communities and, ultimately, society.

Neither my constituency, which straddles several local authorities, nor the whole Poole local authority qualified for any of the original Sure Start centres. My experiences of Sure Start's early work are therefore limited to visits around the country. Interestingly, one ward in my constituency is in the 25 per cent. of most deprived wards in the country; there are great variations within it, however, and large pockets of deprivation with high levels of need. That was not fully addressed until quite recently, with the more comprehensive rolling-out of the children's centre programme. It was very important to move beyond the most deprived areas, because we inevitably missed a lot of families who were living in very deprived circumstances.

My ward was part of the neighbourhood nursery scheme and a health action zone, but some of the antisocial behaviour problems that, sadly, present themselves today, as recently reported for two weeks running in *The Sunday Times*, could well have been tackled earlier if there had been finer tuning of the identification of deprived areas and if the early funding had been more targeted. That was one of the major early criticisms of Sure Start—that the programmes were not necessarily reaching out to some of the most deprived localities in the neighbourhood. I am pleased to say that Poole now has a comprehensive programme of activities and support groups throughout the borough.

I, too, attended national Bookstart day at Creekmoor children's centre, which is based in the library there and where there are extra rooms for the many activities on offer. I was given a colourful leaflet outlining all the activities and support groups and explaining where they are in Poole. Given that Poole's ethnic minority population is only 3 per cent. of the total, it is impressive that, for example, we have a Czech and Slovak support group and a Polish-speaking family group. We also have a dad's club, a grandparents support group, a young parents group and much more—the leaflet is covered with things that are available, which is very exciting. At the session that I attended last week, I did not listen to stories—I sang nursery rhymes. A statistic was mentioned while I was there: 35 per cent. of younger parents—18 to 24-year-olds—do not naturally sing nursery rhymes with their children. Indeed, many of them are not aware of the words. That makes one realise how important rhyme-time sessions are. It is such a bonding between parent and child and is so important to early learning and development.

In the next few weeks, I shall open another children's centre, in the Dorset part of my constituency, in an area with clear needs, which the county council originally overlooked totally. I supported parents in their lobbying for a centre, and although it is not a purpose-built facility, the services are beginning to be provided, using existing buildings.

As hon. Members may imagine, I am not simply going to give a glowing report on children's centres, and I want to deal with the question of whether, in the post-2006 phase, they have always been located in the right places. Decision making is local, the Government have given local authorities money and the allocation of funds has been relatively generous. However, in some respects, questions arise about whether there has been

more haste and less speed. In another part of Dorset, one centre will effectively close, although a good development is that a new centre is to be opened in a deprived area. It appears that the location was wrong, and that is down to the local council.

Several years ago, when I had to go out to find Sure Start centres, I visited one at Bovington, where there is a large Army camp. What is needed there is very interesting. My feeling was that the Ministry of Defence should contribute towards the costs, because there were many very young wives there, isolated in a rural part of Dorset. In addition, many of the Army houses have been sold—it was some of the cheapest housing around—so there were lots of young families. Any hon. Members who have travelled to rural parts of Dorset will not have seen too many buses; public transport is very limited. There was not even any fresh fruit available in the one local shop. One of the things that the Sure Start scheme did was to arrange for fresh fruit to be brought in once a week. I live in an affluent part of the country and it is eye-opening to realise how many needs were not being addressed before we started thinking in Sure Start terms.

There are, however, some crunch questions. Is Sure Start achieving its objectives? Is it demonstrably offering good value for money? What are its shortcomings? We can all talk about the many good things, but I think it does have shortcomings. Are those shortcomings being addressed? We are asking an awful lot from the Sure Start concept. We want it to be fully integrated—an operational miracle. It should assist in lifting children and their families out of poverty; it should also educate, integrate local services, rebuild relationships, strengthen communities, give access to health care and probably do 100 more things besides. With so many objectives and different models and approaches throughout the country, evaluations are quite difficult, but with the amount of financial investment in Sure Start, it is vital that clear, positive outcomes should be identified.

The latest figures show that by 2010-11, Sure Start will be receiving £1.9 billion of Government funding—more than two and a half times the amount it received in 2003-04. However, it was obvious from the outset that many potential outcomes could not be achieved in a short time span. Like the Minister, I found the report by the Taxpayers Alliance and the Institute of Directors extremely surprising. To condemn Sure Start for failing to raise the educational attainment of this year's 11-year-olds does not make sense. We should be achieving more for our 11-year-olds, for all sorts of reasons, and I may well criticise other aspects of the educational system, but I do not think that one can lay that at the door of Sure Start.

Mr. Jamie Reed: I congratulate the hon. Lady on her involvement in the Sure Start centres in her community. It sounds very similar to my community in Cumbria, where there are pockets of wealth surrounded by rural deprivation. That presents difficult problems. I congratulate her, too, on drawing attention to the standard of arithmetic within the Institute of Directors these days.

The point about value for money and the efficacy of what Sure Start centres provide is interesting. The hon. Lady's party champions localism in all things. Does she believe that Sure Start services should all be centrally determined; or should they be allowed to develop organically to meet local needs?

Annette Brooke: I was studiously avoiding saying who controlled the county council, but now I have been tempted to say that it is Conservative controlled. I believe in local decision-making, but commitment is needed to channel money to communities in the best way, and not to the places where perhaps particular parties' electoral strength lies. That is perhaps the easiest way to say it.

Returning to the Taxpayers Alliance report, the national evaluation of Sure Start services, made the important point that

> "In looking at the initial implementation of Sure Start programmes it became apparent that for a variety of reasons; including, lack of availability of suitable staff, the need to train new staff, the time taken for planning permission for new buildings, the time taken for the construction or conversion of buildings; setting up programmes took a lot of time. It was typically not until three years after the initial approval of a Sure Start programme that it became close to fully functional. This meant that the first 60 programmes approved in 1999 did not become fully functional until 2002."

Obviously, a small proportion of the cohort from Sure Start centres would be only seven.

The Minister drew our attention to the early years foundation goals. If I were not so unhappy with the goals, I might have commented on them too, but I am pleased to hear that more confident and self-assured children are entering primary school.

I share with several hon. Members a strong belief in early intervention, and have attended many debates with the hon. Member for Nottingham, North (Mr. Allen)—indeed, I am surprised not to see him here today. It makes such a difference to lives. Many studies have shown us how important it is to invest to save. A recent one, "Backing the Future", by Action for Children and the New Economics Foundation, shows that for every pound spent in an Action for Children Sure Start centre, the social return is £4.60. That is pretty convincing.

Dawn Primarolo: I am also familiar with the work by the New Economics Foundation that the hon. Lady mentions. In 1979, the Black report on how to eradicate health inequalities was published. It suggested a figure of £2 billion as the cost of implementation. Does the hon. Lady feel that there is a parallel? The then Conservative Government said that figure was impractical, unachievable and unaffordable, and immediately binned it. Over the past decades, we have paid the cost of picking up those health inequalities, not only personally in people's lives, but through the public purse. That again shows that early intervention makes sense regarding people's lives, children's development and economic spending.

Annette Brooke: I absolutely agree with that point. I must be cautious not to commit my party to the £4 billion suggested in the report that I mentioned, or I will get into trouble. However, the Liberal Democrat party is committed to spending more on early years development in general.

Dawn Primarolo: Will the hon. Lady confirm that that comes at the cost of abolishing the child trust funds that are so important to families and help them to build up resources to support their children as they move into adulthood?

Annette Brooke: I do not think that it is matched penny for penny. Obviously, the Liberal Democrats have always been opposed to using money in the child trust funds. We want to use that money in more effective ways. Again, it is a matter of short-term or long-term provision. That money will be accessed at the age of 18, but we think that there are too many lives that need extra support now. In particular, we wish to use the child trust fund money for creating smaller classes for children aged five and six, which is really important. I will return to that point later regarding the follow-on through school.

Barnardo's has identified the children's centre model as a key intervention in breaking the cycle of poverty and transforming patterns of poor parenting. It feels that such centres should provide

"co-located, non stigmatised services that are tailored and targeted in order that resources follow need".

When we look at the aims that a typical Sure Start centre is likely to have, they seem enormous. They include outreach, home visiting, support for families and parents, good-quality play, learning and child care experiences, primary and community health care, family health, support for people with special needs, and access to specialised services. In addition, we would like to have employment advice, links with Jobcentre Plus, literacy and numeracy programmes, relationship support and domestic violence services, to name but a few.

Of course, it is highly unlikely that all Sure Start centres will be expert at providing all those things, and that is where local decision making is really important, as is the governance of the centre itself. I welcome the proposals in the Apprenticeships, Skills, Children and Learning Bill to engage more with the local community and to ensure that the services on offer are appropriate. Research carried out by Capacity indicates that Sure Start is "unquestionably crucial" in promoting early childhood development and responding to deprivation. It states that the strongest centres are providing all those services.

One of the difficult services over the years has been outreach work. In a number of studies, it has been identified that not enough outreach work has been done, and that those hardest to reach have not been reached. Some studies are beginning to show improvement in outreach work, but I suspect that there is still a long way to go. The Government have allocated more money for more outreach workers.

Dawn Primarolo: I am grateful to the hon. Lady for her support. While commenting on outreach, will she dwell on the fact that it is the outreach work from Sure Start that the Conservatives have said that they would cut?

Annette Brooke: I would be extremely disappointed if any outreach work was to be cut. I believe that we need more outreach, more training, more skills—perhaps we have not got the definition of what an outreach worker does right yet. The issue needs a lot more work, but I am extremely pleased to see that better evaluations are coming through.

The service is also rather patchy regarding how much help there is for families to gain skills and work, in particular links with jobcentres. We can all come up with good examples, but a number of major studies, including the recent Ofsted report, seem to indicate that Jobcentre Plus is not tied in sufficiently. That is particularly important in terms of tackling the child poverty objective.

Interestingly, the national evaluation of Sure Start suggests that allowing staff to identify areas of improvement and working towards those goals improves the quality of the services they provide. Barnardo's feels that lessons have been learned during the development of the Sure Start pilots, and there seems to have been a progression. However, during that progression, there have been lost opportunities. I suspect that large sums of money have not been used in the most effective way. For example, a report from the National Audit Office in 2006 concluded:

"For day-to-day monitoring at local level, we found centres and local authorities were uncertain about how they should measure their performance. Over half of local authorities we examined were not carrying out any active performance monitoring."

It is not good enough to throw large sums of money at something without monitoring and evaluation at all levels. I believe that that is improving, but there is further to go.

Assessment is particularly difficult as there are long-term goals and shorter-term learning aspirations. We are probably reaching those shorter-term goals, but breaking into the vicious cycle of poverty is not only difficult and involves fighting against the tide, but it will not be fully realised by the Sure Start programme for years to come. It is a difficult area that needs continuous monitoring.

From Sure Start, there must be continuity into school. If parents have been given a lot of support for their child up to age five, cutting off that support once the child reaches school age does not make sense. That was apparent from my example from Bovington.

The health visitor service has changed over the years. I have looked at the numbers: in 1997 there were 10,025 health visitors and in 2009 there are 8,764. I value the excellent services that they provide. They have a crucial role to play and the current service needs strengthening. The scoping study carried out by Capacity for the Department for Children, Schools and Families identified health visitors as crucial partners in outreach work, identifying and assisting with problems in families who do not yet access Sure Start. However, in terms of the effectiveness of health visitors in the centres—this is only one study; it is going against my instincts—health visitors are still not seen as an immediate source of advice. Is that because we have a generation that has not known health visitors? I suspect that it is. Parents are not likely to cite a health visitor because they have not known that service. In Poole, we seem to have a good health-visitor service, but I think that the area needs rebuilding.

Some surveys suggest that dads are not given enough attention in some Sure Start centres, but in other centres we can find good examples of that. There must also be an emphasis on speech, language and communication needs—again, a lot of evaluations have identified those areas as not yet receiving enough focus. We could also be doing a lot more work on safeguarding, and although we are definitely making progress on integrating services, I am sure that, sadly, we could all find examples of places where integrated working is not yet functioning as well as it might. However, there are some amazing stories where a family are supported from all directions, they come through, and their whole life is changed.

Evaluations and deficiencies in evaluation have led to changes in the programme, and clearer outcomes are now identifiable, but further developments are desirable. I conclude that progress has been made, but we could always do better. Partnerships with the private and the voluntary sectors are all-important and the contribution that Home-Start in particular makes in the early years is very important.

3.40 pm

Mrs. Maria Miller (Basingstoke) (Con): It is a pleasure to serve under your chairmanship, Mrs. Dean. I am pleased to follow the hon. Member for Mid-Dorset and North Poole (Annette Brooke), who brought a note of realism to our discussions. I do, however, congratulate the Minister on calling the debate. It is a pity that it clashes with such an important defence debate in the main Chamber. I am sure that if we were having this debate in the main Chamber, more Members of Parliament would be present. I am sure that the Minister's Treasury credentials, which she brings with her into her current team, will be most welcome and a useful addition to some of the deliberations going on about not only the future of Sure Start, but other areas in which she is working.

It is clear that the Minister is still a little new to her brief. I think that today's debate will help her to understand a little better the position of both the Liberal Democrats and the Conservative party. I am very happy to forward her a copy of our policy document on the future of Sure Start, because in terms of her understanding of what we propose, it is clear that she has not had a chance to review it yet. Suffice it to say—

Dawn Primarolo: Will the hon. Lady give way?

Mrs. Miller: Perhaps I can make some progress before—

Dawn Primarolo: No, it is helpful, really.

Mrs. Miller: I think that I shall make a little progress before taking my first intervention from the Minister. In our policies on Sure Start, we are looking to sharpen the delivery of Sure Start and use Sure Start health visitors to do that as an integral part of Sure Start. I shall come on to that when I have made a few other comments.

Before moving on to my main remarks, I need to cover the Minister's comment, in her opening statement, about funding. Government funding and the mountain of Government debt have been a great concern for all our constituents. The Minister will know from my comments today, but also from those I have made publicly over many months and, indeed, years, that my party firmly supports Sure Start and has clear policies on how we will develop it further if there is a Conservative Government after the next election.

Hon. Members should be clear that Labour has already said that it has not ruled out cuts in the budgets of the Department for Children, Schools and Families. Indeed, its Secretary of State has announced plans to cut £2 billion of DCSF budgets—in particular, getting rid of one in 12 deputy heads. The challenge across the board is for all of us to deliver better value for money for all our constituents, whether in DCSF expenditure or any area of expenditure. I hope that the Minister's comments earlier, when I asked her about Government spending, did not show any complacency on her part, because I am sure that our constituents would not expect complacency when they know the mountain of debt that the country has to face.

All hon. Members who have spoken have given their own story about Sure Start, and there are some excellent Sure Starts in my constituency. Unfortunately, the pockets of deprivation in my constituency, although intense, were not big enough to be part of the first phase of Government investment in the field, so we are still in the early phases of putting in place Sure Start support in my constituency. Hon. Members will know that Basingstoke has London overspill communities, so although we are a thriving part of the south-east of England, we have many communities that need such extra support.

Two weeks ago, I was fortunate enough to be able to visit one of the new phase 2 children's centres in an area of my constituency called Buckskin. The Honeycomb children's centre is run by an inspirational manager called Dennis Czech. He is also one of the first male managers of a Sure Start centre that I have had the pleasure to meet. I congratulate Hampshire county council on recruiting such an excellent member of staff. I had the opportunity to meet and chat to many different parents. One mum was coping with the ups and downs of twins. A grandmum was also there with her daughter's twins. I met some local child minders who pop in as part of their regular weekly schedule and mums and toddlers who were there for a singalong group to help the children with speech development. The neighbouring Star nursery, which I had visited before, is full to capacity, so such provision is very much needed in a town where two working parents is the norm. It is the norm because in Basingstoke it takes two people working full time to make ends meet. In that part of my constituency, the new children's centre has filled a vacuum and is very much valued not only by parents but by the professionals working in the area to ensure that the support for families is as it should be.

I have yet to visit a children's centre that is overrun by the privileged middle classes that we read about so often in the national press. I am not sure whether hon. Members will disagree with me on this, but I think that painting a picture that Sure Start centres are simply for those who could afford to pay for services themselves is not a helpful way of talking about the very valuable role that many Sure Start centres are already playing in our constituencies.

The basic level of human support given by local centres such as Honeycomb or, indeed, any Sure Start centre that I have visited is integral to what makes them powerful. They help parents to come together, as hon. Members have described, and to find ways to strengthen their own communities. That type of support may be offered by community groups or church groups in other parts of the country. It is also the sort of support that we all get from our families, but for many new mums today, having family down the street is not the norm. Having children later in life, at the age of 30, is the norm. Not necessarily having social networks built up in one's community is the norm. Having the ability to go into a Sure Start centre and start to build up one's confidence as a parent is therefore absolutely as it should be.

Dawn Primarolo: I am grateful to the hon. Lady for giving way. I do not know whether she has to hand the Conservative party policy document "Helping new families", but on page 3, where it talks about how to pay for the policy, it says that the cost of the policy is £200 million per year and that that will be funded from the children's centres budget, instead of funding outreach to isolated communities. That is £200 million, cut. We do not need to read the hon. Lady's Sure Start document, because it is in another document, which she may not necessarily be familiar with, but perhaps she could comment on that document, or has it now been withdrawn? If it has, could she explain that to hon. Members?

Mrs. Miller: I am not sure that that directly links to the point that I was making, but as the Minister will know, from having perhaps read the document more than she let on earlier, the prime objective behind having health visitors working integrally at the heart—*[Interruption]*—of Sure Start—*[Interruption]*—is that they will have a professional outreach role, which as she will know from other—*[Interruption.]*—documents that she has read is one of the most effective ways that outreach is put in place.

Dawn Primarolo: That is a yes.

Mrs. Miller: The Minister is clearly over-excited. If she holds on to that excitement, she will hear a little later about how important it is that we get outreach right. She will of course have listened to the hon. Member for Mid-Dorset and North Poole, who brought a note of realism into the debate: outreach has not been as effective as it needs to be. If the Minister is complacent about the way in which outreach is working, she needs to do her homework more thoroughly on some of these issues—*[Interruption]*—because with the bricks and mortar that have been established and a—

Dawn Primarolo: On a point of order, Mrs. Dean. I know that the hon. Lady might have slightly different views from me, but she cannot put words into my mouth. For the record, the Government are investing very heavily in outreach work because they value it for the reasons that both hon. Ladies have given in their remarks.

Mrs. Janet Dean (in the Chair): That is a debating point rather than a point of order.

Mrs. Miller: I could not agree with you more, Mrs. Dean. Perhaps the Minister needs to calm down a little.

Dawn Primarolo: Don't be so patronising. Come on!

Mrs. Miller: May I first complete the point that I am making? It is important that we get outreach right. If we do not get that important service properly through Sure Start, not only will the Government be ignoring a lot of evidence but they will be letting down the most vulnerable groups in our communities. I am sure that that is not the intention, but if the Minister were to listen to the points that are being made today, she would understand why we believe that our approach is measured and well thought through, and that it will provide the sort of support required.

Judy Mallaber: Would the hon. Lady be more precise about the extra amount that will apparently be going toward the cost of further health visitors? Exactly which of the current Sure Start services will have to go in order to fund that? I am not clear about what could go without damaging the current services. It would help to have a bit more precision on that point.

Mrs. Miller: I am not sure that such an intervention should have been made, as I have not yet raised the subject. I am not sure that a Government debate on the progress of Sure Start should allow the House to scrutinise the financial details of Conservative party policy. The hon. Lady may not have seen our document, but I can tell her that the funding for such a policy is to be found in the Government's paper on outreach; they identify a significant shortcoming in Sure Start, saying that the money will be used more effectively to put trained outreach workers in place. That approach is absolutely right; we need to sharpen the way in which Sure Start is to deliver outreach. However, the delivery of funding for outreach workers is not the only debating point today. I shall now return to the other points that I wish to make.

Before considering whether progress is being made, we need to clarify exactly what we are trying to progress towards. Sure Start has faced that problem from the beginning. It is all about child development. It is child centred, and firmly draws on

"evidence that outcomes for children from disadvantaged backgrounds were to a large extent influenced by early-childhood experiences".

Those are not my words but the words of the late Norman Glass, the architect of the programme. It focuses on child development and ensuring, above all, that children from the most disadvantaged backgrounds have the sort of support that everyone knows they deserve.

Mr. Jamie Reed: Will the hon. Lady give way?

Mrs. Miller: I shall give way, but this is getting tedious.

Mr. Reed: The hon. Lady identified the benefits of early years intervention and of Sure Start itself. With that in mind, does she regret not supporting the budget allocated to fund Sure Start?

Mrs. Miller: I am not sure how that point ties in with the objectives of Sure Start. The hon. Gentleman needs to focus a little more on my speech rather than on making interventions that may have been given him by his Whip.

Mr. Reed: If only I had been given intervention points by my Whip.

How on earth can social objectives be met without funding?

Mrs. Miller: The hon. Gentleman may not have been focusing on what I was saying earlier. Ultimately, we support Sure Start and its objectives. That is the important point. However, I wish to continue my speech rather than have an in-depth discussion of Sure Start's budget.

I do not know whether the Minister has a reason for pressing the matter further, but we are here today to discuss the progress of Sure Start. We have not spoken about it in detail, although the hon. Member for Mid-Dorset and North Poole valiantly tried to put on the table some of the facts and research that were so lacking in the Minister's speech. Rather than pursuing a financial analysis, we should be reviewing the subject of the debate—the progress of Sure Start in reaching its objectives. That is why we are here today.

Mr. Reed *rose—*

Mrs. Miller: I shall resist giving way to the hon. Gentleman again. He could have made a speech himself rather than making a series of lengthy interventions that were almost speeches in themselves.

When discussing whether Sure Start has been making progress, we need to consider the evidence. It is not a small programme. It is important not only for the impact that it has on our communities, which has been mentioned extensively, but for its effect on the Department's purse—£2 billion plus every year. Every five years, the programme deals with another generation of children. We should not forget that the programme was launched in 1998. In some areas, it has had 11 years to develop and come to fruition, although, as I said earlier, it is not the same in all areas. For instance, in my constituency Sure Start is a relatively new phenomenon; however, it has been in place in some areas for more than a decade.

I am pleased that the Minister seems keen to consider the results, because a great number of studies have been made over the last decade, including some over the past few months that we have not had the chance to consider fully, given the length of the summer recess. I am sure that the Minister would not want to appear complacent to parents, or to the staff of Sure Start centres, by overlooking the important results of that research. The dedication of Sure Start staff is overwhelming. Day by day, they do whatever they can to strengthen our communities. However, as one centre manager told me, all too often it can feel as if they are working with one hand tied behind their backs. I realise how important it is to unpick why people feel like that, and how important it is to scrutinise Sure Start in order to make it even more effective.

The Minister spoke about Jobcentre Plus. How many Sure Start centres have working within them an effective Jobcentre Plus? How many have had problems securing the sort of relationship that she mentioned in her anecdote? First and foremost, however, we need to consider the problems faced by Sure Start in our communities. Those issues need to be addressed. Although we fully support Sure Start, we should start to address those problems that are clearly starting to raise their heads.

It will come as no surprise that one of the key factors alluded to by many Members is the role of health within Sure Start centres. It is always useful to put facts on the table. Less than one in five children's centres have formal agreements with primary care trusts about what services should be provided through Sure Start. Although I could give some case studies of those Sure Start centres I have visited that offer excellent health care services, all too often it is a postcode lottery. It can depend on local people and local relationships; it is not embedded into the culture of Sure Start as was intended.

Interestingly, when Sure Start was launched, I would not have been standing opposite just one Minister, but a Minister from the then schools Department, and a Health Minister. At that time, both Ministers were working hand in glove, much as I work with my hon. Friend the Member for Guildford (Anne Milton), the shadow Health Minister. That critical link with health must be embedded into Sure Start if we are to see some of the developments and improvements needed in the outcomes for children. I am not the only one to say that. The Minister may be aware that the Select Committee on Health recently reported on health inequality, a subject that she mentioned herself. The report states that Sure Start

"has yet to demonstrate significant improvements in health outcomes for either children or parents"

and it calls for more rigorous monitoring. The report was issued earlier this year, so it is quite contemporary in its analysis. It favours significant developments in the programme with a more structured role for health.

Annette Brooke: As the hon. Lady is reflecting on health, I wonder whether I could mention childhood obesity, which I omitted in my contribution? We clearly have not done enough on that matter. The Pre-school Learning Alliance has made the staggering prediction that a high percentage of two-year-olds will be obese in the very near future.

Mrs. Miller: The hon. Lady makes an excellent point. If individual Sure Start centres have an embedded health structure, they can start to pick up on specific local issues. The Sure Start centre in Chatham, which I visited, has a strong relationship with its primary care trust, and has addressed the very issue that the hon. Lady raises. It has identified obesity as one of the main issues in its local area, and has used the flexibility within the Sure Start system in a very constructive way. It has put in place a healthy eating café, to which parents and children can come when they are attending breastfeeding classes or other activities. There is a desire to help parents understand how to improve the diets not just of their children but of themselves as well. However, that embedded health role is not the norm. The National Audit Office's own figures graphically show that that direct link with health is not the norm. Will the Minister tell us what she is doing to ensure that there is a change in the future? She will be as aware as I am of the data that show that having health at the heart of Sure Start will improve its delivery.

The Minister gave another anecdote about a health visitor who advised one mother to attend her local Sure Start centre. That mother was very fortunate because the average case load of health visitors means that many do not get that one-on-one treatment or that level of advice. In my own constituency, the case loads of health visitors are near enough double what is recommended for a national standard. Throughout the UK, the average case load of a health visitor is some 362 families. Therefore, although, anecdotally, we can say that health visitors are able to offer personal advice, we know that the reality is that the numbers are not there and that people have not been recruited. That is why our Sure Start health visitor programme will address the very issue that the Minister raised—the personal advice and support that mothers and parents need at what is a very pressured time in their lives.

[Mrs. Maria Miller]

If we are to analyse the progress of Sure Start and not just pretend that all is rosy, we must consider a second challenge, which is the fundamental understanding among parents of the role of Sure Start within their community. The Minister referred to a piece of research that was commissioned by her own Department—I am not sure whether she was there at the time—that stated that 90 per cent. of those who use Sure Start services are pleased with them. However, she did not point out that the same piece of research, which was published by the Department for Children, Schools and Families in February, stated that only 50 per cent. of parents were aware that Sure Start offered services other than just child care. They did not know, for example, that it offered health and family and parenting services. When we dig down further into the detail, we find that just 13 per cent. of the target population have used the other services. Having a Sure Start centre in the community to bring together the services that will support families to thrive is the right objective, but, at this point in time, all too many parents are simply not aware that that is what their Sure Start centre is doing. A vast majority of those people—not just anybody off the street, but the target market of Sure Start centres—are not making use of what are fundamental and vital services. In contrast, 70 per cent. of the target population are aware that Sure Start offers child care.

As a working mother, I know in my heart how critically important child care is, but Sure Start offers more than that. Every hon. Member here today will agree with me on that. Will the Minister tell us what she is doing to help Sure Start centres' hard-working staff raise the profile of the other services that are on offer? I urge her to consider how important Sure Start health visitors would be in helping parents not just to understand but to take delivery of the broader range of services. Parents should be signposted to support services right from the start when those important early routines are established.

The third area that the Minister did not cover in her notes is the importance of reaching out to the most disadvantaged families, which is an issue that the hon. Member for Mid-Dorset and North Poole raised. Perhaps other hon. Members who spoke in the debate—although there is only one of them left here—are not aware of that either because they did not cover it in their contributions.

Judy Mallaber: The provision started in areas of deprivation precisely for that reason. It reaches out very much to people in difficult situations, as do some of the services that function from Sure Start centres.

Mrs. Miller: I understand the hon. Lady's point. What I was saying was that there is an awful lot of evidence, which is not simply from the Department's own national evaluation of Sure Start but from other organisations, that points out that more can be done. Obviously, the centres in the hon. Lady's constituency are working incredibly hard to reach out to disadvantaged families, and I am sure that they are going above and beyond the call of duty in what they are doing. None the less, the evidence is that outreach to the most disadvantaged families is not consistent in its execution or efficacy. Therefore, it is incumbent on hon. Members to ensure that we scrutinise what is happening with Government money, that we make the service more effective, that we listen to the logical evidence that is presented to us, and that we look at ways in which we can evolve policy so that it can be more effective in the future.

I refer to a report that Ofsted brought out two or three days before the summer recess—I am sure that some hon. Members will have seen it—that said that half of all centres are not reaching out to the most vulnerable families. I am sure that the Minister will tell us why she feels that Ofsted has got to this position and what her Department is doing to address it. Ofsted is not the first organisation to point out such a fact. Let us hope that the measures that the Minister puts in place will ensure that it is the last.

The Minister will know that the core objective behind our Sure Start health visitor programme is to address that very issue, because the research shows clearly that the most accepted form of advice is from health visitors. Health visitors are the people who can get their foot in the door. They can help families who find it difficult, for whatever reason, to seek out the support of services themselves. It could be a single mum who finds it quite tough to go down to a Sure Start centre with her baby—she could be young and feeling like she is being judged. Alternatively, it could be a mum with children who have special educational needs, or a mum who has had a multiple birth. There are many different reasons why individual families find it difficult to seek out support and help for themselves. What the research shows extremely clearly is that a health visitor can go into the home in a way that almost nobody else can, to help to direct and deliver services that this most vulnerable group of people needs.

I want to ask the Minister to comment on another part of the Ofsted report, given that we have not had a chance to discuss that report before now, although it was issued in July. It showed that three out of 10 Sure Start centres find it hard to gain the trust of black and minority ethnic families. Again, we know from the NESS evaluation that that is a group of people who have not been positively impacted by Sure Start. That is yet further evidence that there is more work to do to reach out to BME communities in a positive way, to ensure that the full benefits that right hon. and hon. Members have said are received by many families in their communities are received by all those families who are in need.

The fourth area that needs to be addressed is evaluation. The hon. Member for Mid-Dorset and North Poole picked up on that, too, and I hope that the Minister will comment on it. As the hon. Lady said, we are talking about long-term goals in relation to Sure Start, but we need to have short-term and medium-term evaluations in place, so that we can see how we are doing in our attempt to achieve some very important outcomes for children.

There are now three, or perhaps even four, pieces of research that point out very clearly that the way in which Sure Start is being evaluated makes it very difficult to assess whether some work is effective. We are talking about some of the most important problems that a Government can try to deal with, such as how to remove entrenched poverty; how to help children to

escape a cycle of poverty; and how to use Sure Start as a positive force for good, to strengthen families. However, in the past few months alone, we have had four separate reports that clearly indicate that we do not have a sufficiently rigorous appraisal process in place to be able to say, hand on heart, exactly what is working within Sure Start and what is not working within it. We can all give anecdotal evidence about what is working, but when one looks at the facts and figures, there are some gaps. Perhaps the Minister, with her Treasury background, can help her Department to start to fill those gaps.

I do not need to remind the right hon. Lady, but there are four different reports on Sure Start. Most recently, Ofsted looked at outreach and clearly stated that some centres are simply not collecting data on how to evaluate the impact of their work. That is a very simple problem; methods of collecting such data are not in place and data collection is not ingrained into the culture.

Capacity, the third sector organisation, has also examined the question of evaluation. It has said:

"Systems for expressing outcomes or robust links with the Every Child Matters Framework or wider poverty reduction are less well-developed."

In NESS itself, we can see that there may well be very strong evaluation in place, but it also shows quite graphically that Sure Start has only hit five of 15 NESS indicators. Worryingly, NESS shows that some negative effects persist, notably for black children—from memory, I think that it was black boys who were particularly negatively affected in Sure Start areas.

I do not need to remind the Minister about the problem of evaluation, because her own Department issued a further report in June on financial benchmarking, which I read with interest over the summer recess. It was quite extraordinary to consider that a programme that has now been in place for 11 years should prompt the comment in the report:

"consistency of structure, service offer and financial reporting do not exist."

That is quite a clear statement. Perhaps the Minister will help us to understand exactly what her Department will do, following that report in June, to ensure that improvements are made and that we have a robust way of benchmarking the impact of an important programme, which has such a vital role to play for so many families in our constituencies.

The fifth area that the Minister did not touch on in her opening remarks is the critical role that Sure Start has at its core for supporting families with children who have special educational needs. Further work in this area was done by Anne Pinney in 2007, as part of NESS. Her research showed that only half of Sure Start centres employed a member of staff with specialist training in special educational needs. Anecdotally, I can say that I have been to Sure Start centres where they have said that that is a real concern of theirs; they want to be able to offer more support, particularly to children with special educational needs. I am very fortunate in my constituency that the Pebbles Sure Start centre, which Hampshire county council set up, has been established with a nursery that has a specialism for children with special educational needs. I am very proud of what I think is a really groundbreaking idea. However, that is an anecdote and such provision is not the norm. The figures speak for themselves and, as I have said, only half of Sure Start centres employ a member of staff with any specialism in that area.

In her opening remarks, the Minister rightly picked up on the early years foundation stage results that were issued in the last 24 hours, I believe. She said that she was very satisfied with the job that was being done in that respect, but, again, I urge her to look a little more closely at the detail of what was announced in those results, because she would then see that only 42 per cent. of children in the 30 per cent. most deprived communities in our country secured results in the seven scales that are set out in the EYFS, whereas 57 per cent. of children in other areas achieved results in those scales.

Furthermore, the gap between those in the most deprived areas and the least deprived areas has barely changed in recent years. It is worrying that the Minister did not pick up on that in her earlier comments, although perhaps she has not had a chance to review the EYFS results in enough detail yet, as they have only come out quite recently. Nevertheless, I find it worrying that the gap between those who are most advantaged and those who are least advantaged may in some way be marginalised when the Government start to analyse the results. I urge the Government not to do that, but to stand up and acknowledge that gap in achievement. It may have decreased by 1 per cent., but I am sure that the Minister and other Members would not be happy or content with that decrease and would want greater progress to be made.

I did not expect to talk about EYFS in this debate, which is directly about Sure Start, but given that the Minister referred to EYFS in her opening remarks, I would also be quite interested to understand what strategies she has in place to tackle another worrying problem, which she did not highlight in her comments. It is that the results issued yesterday showed that one in six boys cannot write their name or simple words, which is double the rate among girls. The gap between the most deprived and the most advantaged exists, but we also now seem to be seeing an entrenched divide between young girls and young boys. Young boys at the end of the reception year are less likely to know the alphabet, less likely to be able to count to 10, less likely to be able to sing simple rhymes and less likely to be able to dress themselves. Those are all elements of what Sure Start is focusing on to help children to be school-ready, so what plans does the Minister have in place to tackle that problem, rather than just celebrate any improvements that have been achieved? We do not want to dwell solely on what we have achieved; we also want to stretch ourselves to achieve better results in the future.

Those are the main areas that the research tells us need to be examined as we look at the progress of Sure Start. A number of different organisations have given us the benefit of their experience on the subject—not just the DCSF itself, but the Children, Schools and Families Committee, Capacity, NESS and a number of others—so there is quite a body of evidence for the Government to consider in more detail than they may have had before. My party has a clear position, a clear commitment and clear proposals on Sure Start. The Minister might need to examine them in a little bit more detail so that she understands them fully.

[Mrs. Maria Miller]

We owe it to families to ensure that we can quantify the impact of Sure Start and give them our vision of how that important service will develop. Most importantly, the Conservative party will put at the heart of Sure Start an army of Sure Start health visitors, stemming the flow of outgoing health visitors and recruiting into the profession more than 2,000 new people. Health visitors are proven to be effective at outreach and giving families the support that they need to thrive and establish good routines in the early days. It will be similar to the kraamzorg support scheme in the Netherlands and draw to some extent on the Olds model in the US, which also has important lessons for us to learn. In that approach, health will no longer be the missing partner but will be at the heart of an effective service of the sort that we know our communities need.

We have also been examining the training of health visitors, with input from those within and outside the profession on how that could evolve to increase health visitors' expertise. Perhaps special educational needs could be identified in the early years, which are critical not just for the child but for parents, who all too often have to wait until well beyond the school starting age for special educational needs to be identified and referred on for diagnosis. More health visitors will be in place to ensure that Sure Start can effectively help to diagnose the 20 per cent. of women who suffer post-natal depression, who all too often go undiagnosed because they do not know how to seek out the support that they desperately need.

Probably one of the most important issues is how health visitors working through Sure Start can help parents to get the support that they need for their relationships with each other, which as we all know come under a great deal of strain with a first baby. The very point when parents want their family to be strong and successful can be the point when they are most likely to experience family breakdown. We feel that Sure Start can, where necessary, take an active role from the start to help parents to understand that they can be signposted to assistance and avoid family breakdown, which is a tragedy, particularly when very young children are involved.

As we evolve a firmer foundation for Sure Start and move forward into the future, we can also consider the successful models created by voluntary organisations, which have a critical role to play. I am sure that the Minister will want to discuss further what the Government are doing to support the third sector's capacity to be more involved not only in running services through Sure Start centres but actively managing them. There are some excellent case studies from which much learning can be drawn, including cases of successfully getting health involved, even though the framework is not as robust as it needs to be.

I am thinking particularly of the work of 4Children, which runs the Carousel centre in Braintree. I have visited the centre and seen at first hand how the local authority works with 4Children to bring together more services for families. It hosts a resident health visitor, a community paediatrician and specialist nursery care for children with developmental issues. All the statistics and research that I mentioned show that such services are not readily available in all centres, but they are available at the Braintree centre. It is important that we learn from such successful models and see how we can roll out a similar approach into other areas. The Carousel centre has gone on to offer after-school and holiday care and actively supports intergenerational involvement; grandparents come in to volunteer their support. The centre is at the heart of the community, as all centres need to be if they are to be as successful as they can be, and, importantly is led by the voluntary sector.

It might be only six months before the next general election, but they are an important six months. I know that the Minister has been in her post for only a matter of weeks and that it is difficult coming into post at the tail end of a Parliament. She is still trying to get to grips with a complex brief, but I hope that she will be able to respond to the issues that I have raised and some of the facts and figures that I have mentioned. It is easy to talk about anecdotes and one's individual experience, but much more difficult to take a step back and say that there are issues that must be addressed if we are to be true to the people who work in Sure Start, the concept of Sure Start and a desire, which I believe is shared, to strengthen the communities in which we live. Sure Start has an important role to play in that.

4.25 pm

Dawn Primarolo: I thank my hon. Friends the Members for Amber Valley (Judy Mallaber), for High Peak (Tom Levitt) and for Copeland (Mr. Reed) for their contributions to this short debate, which reinforced points about the role of Sure Start centres in narrowing the gap between the highest and lowest achieving children, raising attainment, working with the work force to ensure its development and encouraging social cohesion. I will pick up each of those points in responding to the hon. Members for Mid-Dorset and North Poole (Annette Brooke) and for Basingstoke (Mrs. Miller).

There is always a balance, particularly in a relatively new programme. I remind Members that it is a bit difficult to evaluate the whole programme of Sure Start children's centres, as the last ones are not yet completed and will not be open until March to December 2010. However, the hon. Member for Mid-Dorset and North Poole was generous. I think that she would set the same priorities as the Government in deciding how to roll out a programme of developing Sure Start centres, given the constraints that she clearly identified in terms of work force capacity, centre location and the need for buildings to be constructed. It should always be a priority to start with those in greatest need, and the Government have taken that approach as we have proceeded through the development of Sure Start children's centres.

The hon. Lady was right to identify the difficulty involved when a small community suffers disadvantage, whether it is surrounded by an affluent area or isolated in a rural area. The question then becomes how to ensure that services are delivered to such communities. This Government are not unique among developed countries in struggling to balance where investment is placed. As she will know, we must strike a balance, in partnership, between local authorities' rights under local democracy to take decisions about their priorities for the location of children's centres and recognition of the challenge of ensuring that services reach out into all communities.

For that reason, the Government decided and announced that we would increase funding for outreach workers, so that they can work similarly to health visitors, community paediatricians or speech therapists by having a base and reaching out. We stated clearly that we want to ensure that there are outreach workers in the most deprived areas. We must develop the training and the partnerships that the hon. Lady rightly identified as being important. Those could be with the Department of Health, the local health service or the local authority, depending on what is suitable.

In debates such as this, there must be a balance between being fair and celebrating this huge achievement. The work force in Sure Start centres must be congratulated on that. However, we must recognise that the job is not finished and that there is more to do.

Mrs. Maria Miller: Will the Minister give way?

Dawn Primarolo: I would like to make a few more points, but I will certainly answer the points made by the hon. Lady.

Issues such as these will always involve a struggle. People talk about hard to reach groups. That is not the sort of language that we should use because the challenge for the services is to ensure that they reach out to families. We are in the early stages of that. I agree with the hon. Member for Mid-Dorset and North Poole that this is a matter for local authorities. The location of some children's centres may not be aligned with her or my assessment of where they would be of the greatest benefit, but we must defer to local authorities and understand that they make such decisions as best they can. There will be a duty for local authorities to consult their local communities and users before opening or closing centres.

Mrs. Miller: Will the Minister give way on that point?

Dawn Primarolo: No, I will not give way on that point, but I will give way in a moment.

We must find the right balance to decide where the investment should go first. When it is not economic to have a full children's centre in a particular place, we must still reach out to the groups that need the services.

I agree with the hon. Member for Mid-Dorset and North Poole on healthy eating and the Change 4 Life programme, and in particular on the availability of fresh vegetables and fruit in certain kinds of shops. She may be aware that the Department of Health is running pilots through the Change 4 Life programme in which it funds the display and storage of products that shops cannot make available at a reasonable cost because they do not have the right equipment. I have seen the role Change 4 Life plays in many Sure Start centres, not only in relation to diet, but in working with parents on smoking cessation.

That leads me to the way in which health should be partnered with Sure Start centres. The hon. Lady made the fair point that we have huge expectations because we can all see many things that Sure Start centres could do. So many things are connected in people's lives and one of those is health. The question is at what speed we should move to deliver such things. In my move from the Department of Health to the post of Minister for Children, Young People and Families, I wanted to consider what more could be done to encourage such partnerships. It is not rocket science—I am not talking about writing guidance or cascading more things down.

One example of what the Government are doing is the role of children's trusts, which the hon. Lady has supported. Under the Apprenticeships, Skills, Children and Learning Bill that is before the other place, the trusts will be able to bring together health services, local authorities, third sector organisations and other partners before the location of services is decided upon, so that the child is at the centre of the commissioning programme.

I am sure the hon. Lady would agree that we should go beyond the issues that she touched on and into questions of the mental health of adults, adolescents and children. A number of hon. Members have mentioned that. For example, if a mother is under huge pressure, there should be an understanding at an early stage of how her mental health might influence her child. Through the presence of such early understanding, so much more can be achieved.

Our hopes and aspirations for Sure Start children's centres are built on our experience and celebration of how much they have achieved thus far.

Judy Mallaber: Does the Minister agree that we must progress in an orderly fashion? Although I can think of other services that could be provided from Sure Start centres, we must embed those that are there and ensure that they are working properly. Our aspiration should be to add further services. One difficulty is the speed with which that should be done. We must ensure that such services are integrated in the planning, even if they are not in the centres at this stage.

Dawn Primarolo: I think we would all agree that we must be careful about the balance when we expand a service and ask more of it. Staff in Sure Start centres and schools are sometimes uncomfortable with the pressure we put on them to develop their services. There must be time for existing services to bed in. There will always be debate about whether the pace is fast enough, but this debate should be about whether we agree that Sure Start centres should move forwards, not backwards.

The valid point was made that we must ensure that Sure Start children's centres publicise their presence, not just through outreach workers, but at every available opportunity, so that parents are aware of all of the services that they offer. The hon. Member for Mid-Dorset and North Poole referred to a publication that makes exactly that point. From 14 September, all Sure Start centres have been encouraged and supported by the Department in developing what is, for want of a better word, their communication campaign—how they make sure at every opportunity that parents know about the services they have on offer. As we move towards having some 3,500 children's centres in every community by next March, it is important that that message gets across.

There have already been amazing results in terms of publicity, and we will need to see whether that translates into recognition—the hon. Member for Mid-Dorset and North Poole has clearly seen that happen. There have been more than 300 items of press coverage, events have been held in children's centres, and more events are planned as we move through to March. Those events will particularly focus on the local authorities where the

[Dawn Primarolo]

children's centres themselves are saying, "Here we are. This is what we do. Come in and see." We will be using every opportunity to generate publicity because, as is so often the case, although the people who use the service celebrate it, we need to reach out to those who do not.

Again, the hon. Lady mentioned the effectiveness of Sure Start and how we measure that over time because some changes are short term and some are cultural, long-term changes. That goes back to the point I made in my opening remarks about some changes taking much longer to assess. When the centres have all started and come on-stream—some are not yet fully developed—it seems somewhat unrealistic to expect a fully consistent financial benchmarking and measuring of them going forward. It is not possible to have that. The centres must be responsive to the local need for services, and therefore what they provide will vary. It is important that the centres have financial mechanisms in place and that they are able to look at what they are providing locally and whether they are actually delivering for those communities. However, of course, as the hon. Member for Basingstoke said, we need to ensure that we have more rigour in relation to that, as the programme is fully implemented.

I say to the hon. Lady that the Ofsted pilots on children's centres have already started, and that they will be considering exactly what we should be taking forward and measuring the centres on. We have had advice on that. The inspections cycle is expected to start early next year, but, of course, that is subject to parliamentary approval of the Apprenticeships, Skills, Children and Learning Bill—as is setting up the children's trust—which is in the other place. The issue of recognising what needs to be done in the future has been acknowledged and taken forward by the Government, and provision has been made to ensure that we have the necessary rigour.

I do not want to put words in the mouth of the hon. Member for Mid-Dorset and North Poole, but I think she said that although she agrees most definitely with the outcomes we are trying to achieve, sometimes her opinion on the method varies. That is perfectly legitimate. She referred to the early years foundation results and seemed to demonstrate a positive engagement with the programme—in fact, her party has made a commitment to future investments.

I have dealt with the question of how to ensure that we have rigour and efficiency, and how we will try to encourage further integration with health through the children's trust. In doing so, I think I also covered the questions of special education and when it is needed, particularly for the very young. I have also dealt with outreach, but there are a number of further issues to which I would like to turn briefly.

Mrs. Maria Miller: Will the hon. Lady allow me to ask a question on the issue of outreach?

Dawn Primarolo: May I just finish answering all the hon. Lady's questions, as she was keen for me to do? If she then wants to add anything more, I am happy to respond.

The hon. Lady asked me some specific questions on children's centres, and raised the absolutely valid but difficult issue about Sure Start children's centres and their involvement and ability to support families, particularly those under pressure or stress or those that need somewhere to go for advice. I agree that the issues of families, family relationships, children and parenting need to be addressed when going forward. Those are very difficult subjects, because parents are responsible for their children, and family is private. None the less, we need to consider how we can develop services that parents can access and where those services should be when they are needed. Family and family responsibilities are very much issues that the Government are looking to address in a Green Paper.

On the early years foundation stage and the information the hon. Lady particularly asked for on boys, this is the first year of measuring. The information shows that many good things should be celebrated—for example, the fact that the largest increase is in early language development, and the huge progress that 100 authorities have made in narrowing the gap. In one year, the gap in achievement—as measured by this range of factors—between children in disadvantaged areas and the rest has narrowed by 1 per cent. That is very good and it needs to be sustained. However, she is quite right to say that girls continue to outperform boys. There is still a gap because girls continue to do well, although the performance of boys has improved on last year.

We need to ensure that boys are able to develop, particularly in terms of writing skills. The hon. Lady rightly pointed that out and asked what the Government are doing about it. In consultation with stakeholders and the profession, the Government are developing specific guidance and support for local authorities on how to work with and support those areas. We are considering what strategies work in ensuring that we try to close that gap—it will not be done overnight, but it needs to be done. In addition, in the local authorities where there is still an issue with the gap between the best performing and those performing not so well, the Government run a programme called "Making a Difference," which provides a specific support mechanism through which the Department works with local authorities.

In a balanced way, the Government have come to conclusions regarding the strengths, what should be celebrated and what should receive further investment of time, effort and resources. That brings me to my final major point.

Mrs. Miller: Will the Minister give way before she moves on?

Dawn Primarolo: No.

Frequently, not only in the House but in local government debates, claims are made about wanting further investment, and speeches are made about why that is necessary, while suggestions are simultaneously made about cutting the very budgets that provide current services. That is the position—I will give the hon. Member for Basingstoke the last word on this—of the Conservative party. I absolutely agree that more health visitors are needed; indeed, the Secretaries of State for Health and for Children, Schools and Families have published a document today and have made it clear, in working with the profession, how we will take that forward and why it is important for those health visitors to work in partnership with Sure Start children's centres.

However, the increase in health visitors cannot be at the expense of Sure Start children's centres; it is supposed to be in addition to them. Page 3 of the Conservatives' document, "Helping new families", states clearly that they would not develop outreach worker provision, but would cut the number of outreach workers and spend £200 million on health visitors. Not only will the cut in outreach workers result in a loss of service, but it will not raise the £200 million without further cuts to the Sure Start budget. The shadow Chancellor, the hon. Member for Tatton (Mr. Osborne), was pushed on this point by Nick Robinson, on the BBC, on 30 June 2009—fairly recently. He was asked:

"Are you protecting Sure Start?"

His answer was:

"I'm not protecting other areas. I'm not going to go into specific details of individual programs but I've made a positive decision and this is part of the choice that David Cameron and the modern Conservatives have made to protect health spending, to protect international development spending because we think those are important commitments for the kind of society we want".

So they are not making a commitment to honour the investment in Sure Start. Members of the modern Conservative party, or whatever it wants to call itself, cannot stand in debates and say how much they value Sure Start—although I am very pleased that they do—and how much they want to see it developed, and then announce elsewhere that they are cutting the budget.

That is what the three parties are saying about this spending. I think that we all agree that Sure Start has utterly transformed the landscape of early childhood. Some things have gone right and some things have not; there is more to be done and we still need to reach out and make sure that the provision gets to those who need it most. However, it is part of a reform structure that says, "Every child does matter; we're going to put them at the heart of what we do and we're going to make sure that we invest in them," and that means not cutting budgets. This question still hangs over the modern Conservative party: are they going to cut Sure Start—yes or no?

Question put and agreed to.

4.55 pm

Sitting adjourned.

Westminster Hall

Tuesday 20 October 2009

[MR. BILL OLNER *in the Chair*]

Wardens (Sheltered Housing)

Motion made, and Question proposed, That the sitting be now adjourned.—(Kerry McCarthy.)

9.30 am

Mr. Geoffrey Cox (Torridge and West Devon) (Con): It is a great pleasure to serve under your chairmanship, Mr. Olner, and to have secured this debate on a subject of increasing importance throughout the country. I should say that I speak with a degree of personal interest because I have relatives in sheltered housing who have experienced the benefit of that form of care for a number of years.

It is an amazing fact, when one first reads it, that just over 7 per cent. of the retired population are in some form of sheltered or extra-care housing, and about 500,000 people are affected by the issues that we are to debate.

Let me say right at the outset what I am not here to do—perhaps I can address the Minister directly. I am not here to say that any particular local authority is uniquely bad or uniquely good. I am not here to argue that the growing orthodoxy of floating support is always wrong. I am not here to argue that floating support does not have significant benefits or that it ought not to be developed throughout the country. I am here to argue that something is going wrong with the process being followed in Supporting People administering authorities throughout the country, with the manner in which changes are being implemented and with the view that they are always right in all circumstances. Most particularly, there has plainly been a failure to make the elderly and the residents of sheltered housing feel that they have truly been consulted.

The Minister will have read the excellent report called "Nobody's Listening—The impact of floating support on older people living in sheltered housing" from Help the Aged and the Housing and Support Partnership, and I make no bones about saying that I am particularly indebted to those organisations. The report reflects many of the concerns that I intend to air this morning, but they are also reflected in the worried letters that Members throughout the country are receiving—my constituency is no exception—about the changes to the delivery of sheltered housing.

It is important to reflect on what sheltered housing with resident wardens provides for those who experience it. First, most residents speak of the sense of security, companionship and collective community in which they reside. At Glebe Court in Northam in my constituency, the proposed changes will have distressing consequences and are causing residents enormous anxiety. Like other residents of sheltered housing, they speak of the warden as the life and soul of their little community.

Invariably, wardens go well beyond the call of duty. They organise social activities. They often preside over fish and chip suppers or sausage and mash. They arrange bingo and outings. They call on residents in the mornings. They are always around to convey a sense of warmth and to provide a listening ear when one or other of the residents experiences trouble or ill health.

Bob Spink (Castle Point) (Ind): The hon. and learned Gentleman has brought an important matter to the House and he has started in a very sound manner. He was right to make avoiding generalisations a premise of his remarks, but he is equally right to generalise about one thing—that wardens are real heroes. They go the extra mile and they are extremely valuable. Will he therefore join me in deploring the fact that some councils have told wardens that they could be sacked or disciplined if they speak to anyone at all about changes to the warden system? Gagging wardens is not the way to run a reasonable democracy or local government.

Mr. Cox: I would agree with the hon. Gentleman on the general principle, although it is difficult to know about the individual circumstances.

Although this is sometimes difficult in the House, I want to avoid the tit-for-tat mudslinging that the debate could descend into. I want to invite hon. Members to embark on a real review and analysis of the changes taking place throughout the country. The Government seem not to have evaluated those changes or even always to have a coherent picture of what is happening, and we need to consider whether they should be getting a grip on the process and offering some clear leadership. As I said, I do not suggest that any particular local authority is uniquely bad or uniquely good, but the Government have a role in the process. They should offer leadership and set out clear guidelines and good practice. If changes are to be implemented, the Government should take the initiative in setting out how they should be implemented in general terms, leaving it to the Supporting People administering authorities to devise the specifics and take the decisions that best suit them.

The Help the Aged report predicts that although about 5 per cent. of provision is floating support, the figure will rise to nearer 40 per cent. in just two or three years. A fundamental, albeit silent and invisible, change is taking place across the country in the provision offered to tens of thousands of elderly people.

I was speaking of the value of wardens. In many cases, wardens are the life support for very frail, vulnerable and elderly people. Often, such people are newly widowed. Sometimes, they have no experience of carrying out small housing maintenance tasks or looking after the plumbing, the kitchen or the bathroom. A supportive environment with a single point of contact—the warden—on hand to help therefore provides intensely valuable care and support.

David Taylor (North-West Leicestershire) (Lab/Co-op): I am grateful to my Select Committee colleague for giving way. Like him, I regret the passing of resident wardens, although I do not believe that could have been the intention of the Supporting People changes. In my authority, there are 14 schemes and 333 places, 20 per cent. of which are vacant. Does the hon. and learned Gentleman agree that the problem is that some schemes can reach a tipping point, with vacant property accentuating and accelerating the feeling of vulnerability, such that the rest of the residents eventually leave? They will be

[David Taylor]

decanted by the local authority, which will then flog the property off for other purposes, and that would be a tragedy. Like the hon. and learned Gentleman, I believe that floating wardens have a role to play, but they should not de facto be the only means of providing support. Does he agree?

Mr. Cox: Yes. I agree also that vacancies have driven change; the hon. Gentleman might suggest—I would not necessarily demur if he did—that they are often manipulated and engineered to produce a situation in which the home or the development is essentially changed in nature.

Today, however, I wish to place the spotlight firmly on the changes going forward under the aegis of the Supporting People programme. Having looked into the subject, it seems to me that it is happening at a much accelerated rate, and that it is happening as a result of a growing orthodoxy about how such care and support ought to be delivered.

Greg Mulholland (Leeds, North-West) (LD): I thank the hon. and learned Gentleman for laying out the argument as he has. I am sure that we all have had people raising concerns with us about the changes, such as those recently raised with me about the Rosemont flats in Bramhope in my constituency. We have touched upon the question of costs. Does the hon. and learned Gentleman agree that there is a glaring gap in the debate? Getting rid of wardens is used as an argument for lowering costs, yet we are not dealing with the cost of not having wardens to look after the vulnerable people that he so eloquently describes.

Mr. Cox: I agree with the hon. Gentleman. There is no doubt that the kind of environment that a warden can create will prevent the decline among elderly people that can often lead to knock-on and consequential costs of a much higher order.

However, I can see the other side of the argument, which has been expressed to me by the county council in my area. It is that floating support allows the release of resources to cover a wider range of people in a wider range of settings. I realise that floating support has such a benefit. One can reach people with the current accommodation-based support and tailor it to individual need. However, the argument runs that accommodation-based support does not do that, often delivering support to people who do not need it and sometimes do not even want it—although people can opt out. The release of resources enables people's needs to be met in their own homes and in other types of housing.

I fully accept the virtues of taking that approach. I fully understand that with floating support, the use of scarce resources is vital—even more so at present. I fully agree that the practice being developed in many Supporting People administering authorities—SPAAs—can often deliver considerable benefits. However, I am concerned that one increasingly meets a kind of intransigence over the idea that floating support is always considered better. The consultation resulting from that sense of righteousness over the delivery of floating support—if it is held—does not attract the confidence of those who are consulted, and it is frequently not held at the appropriate time.

I shall tell the Minister of a startling statistic given in the Help the Aged report. It found that something like 67 per cent.—it was certainly two thirds—of SPAAs whose consultation processes were considered had consulted residents only after the critical decisions had been made. That simply cannot be right. If one cry is coming from coastal regions such as the one that I represent and from the urban centres represented by other Members in the Chamber today, it is that elderly people feel utterly disempowered by the process. They feel helpless, believing that their voice is not heard. They feel that they are not consulted, and that if they are it is nothing more than a sham.

If it is true, as the report tells us, that 66 or 67 per cent. of authorities have already taken their decisions and only then condescended to consult those most deeply affected, it is a disgrace. The Government have a responsibility; I urge the Minister to take hold of the matter and to say to local authorities, "This is the way you should consult. You should not take decisions before you talk to the residents that are affected, just because they are elderly and frail and preoccupied with the complexities of life." Such actions are disgraceful. They are exactly replicated in the experience of those at Glebe Court, at Northam in my constituency. There, I was confronted with residents who were distressed and anxious, some tearful, and who were in a state of uncertainty and suspense.

When implementing change of so fundamental a character to the welfare of elderly people, it cannot be right to catapult them into such a state of mind in the twilight of their years, when they are entitled to peace and security. The change is being implemented in a way that does no credit to our Government. I do not mean to make a party political point; I mean that it does no credit to the systems that we have put in place. We need clear leadership from the Government. At the very least, we need clear principles of good practice that local authorities and SPAAs are required, or at least encouraged by the Government, to follow.

Those principles of good practice should make it clear that the wishes and desires of elderly residents, and their expressions of preference, are important factors when considering a move to floating support. It is a clear symptom of the failure of consultation that elderly people do not feel that they are participating in the change for which their assent is being sought. They should be persuaded by the arguments for floating support.

Such symptoms suggest that we face yet another judicial review. I understand that yet more local authorities are being taken to the High Court to challenge the changes that they are bringing forward. It is a great pity that we should have to rely upon the judges, although I declare an interest in that the law is my profession. I suppose that I should rejoice in the opportunity for lawyers to make more money, but I do not.

David Taylor: You do.

Mr. Cox: I do not, because if it is done at the expense of the insecurity of mind of a single elderly person—the House will recall that even as I speak I am reflecting upon the faces of loved ones—if it is done at the expense of a single trace of anxiety in them, I deplore it. If they and others like them have to go to the High Court

of England and Wales to seek consultation and democratic participation over things that affect their circumstances and their lives, I would deplore it. I hope that the House would deplore it. I hope the House will send the Minister the clearest expression of its wish that the Government should offer leadership.

Help the Aged, in "Nobody's Listening", says of the Government's current approach:

> "There has been a serious—and surprising—lack of leadership from the Department of Communities and local Government (CLG) and the Housing Corporation (HC), which are allowing retirement housing to wither away without proper debate or discussion. This is disgraceful, and a continued lack of engagement and leadership is likely to have further negative impact on existing and future residents."

Those are striking words. They are stark in their warning of the abdication of responsibility that the Government are choosing to adopt. I fully understand that the decisions are for the SPAAs and the local authorities, but that does not mean that the Government should not take a role in leading the right approach in implementing the changes. For when a warden is removed, it affects an elderly person in the most acute way. It removes the single most important thing to them—the symbol and substance of their peace of mind and security.

What I find particularly distressing and troubling is that there are cases in which the situation is even graver. I am talking about real cases. Elderly people may have taken big decisions in their lives based on the understanding that a warden would be present in the development into which they move. They have sold their houses and made family decisions. They have chosen not to live with their daughter who was going to create an annexe for them. They have chosen to sell their house and have made financial allocations to their children, yet they find, having been in the sheltered housing development for a number of years, that the warden upon whom they have placed their reliance is removed.

Some 67 per cent. of SPAAs acknowledged that elderly people in a warden-resident housing development regarded the warden as integral to their welfare but, perhaps significantly, a far lower proportion of those SPAAs agreed that wardens were in fact integral to their welfare. I ask the House to reflect for a moment on what that means. It is as if the SPAAs who filled in the questionnaires for Help the Aged said, "We accept that the overwhelming majority of elderly people regard wardens as integral to their welfare, but we don't accept it. We, the SPAAs, think we know better. We, the SPAAs, say that they are not really very integral and residents would not be lost without them." That permutation of answers to the Help the Aged researchers shows that an orthodoxy, or ideology, is developing about the way in which care should be delivered. My request to the Minister is that the Government should not only take hold of the process of change by delivering and setting down clear guidelines of good practice, but they should reject the idea—as I hope the Minister will say that he does—that the orthodoxy of floating support is, in all cases and circumstances, the only way in which extra-care housing should be delivered.

David Taylor: The Minister is a decent man of integrity and I guess we shall hear him say that the floating warden scheme, together with the emergency call system and other means, will provide—and does provide—an equivalent level of security for the people who live in sheltered schemes. But does the hon. and learned Gentleman agree that there must be recognition that a good proportion of the half million people who live in sheltered accommodation need the sense of community and security that can only be provided by someone on site? I know that it is accepted that 24/7 cover has always been an illusory ideal.

Mr. Cox: I accept that. It is the burden of my submission to the Chamber this morning. There are cases when nothing but a resident warden will do. If we are to make residents feel that they have been consulted, there are times when, if the majority of residents in a particular housing development vote or express the clear wish that they do not want their resident warden to go, it would be wrong to remove him or her. I do not accept the point—although the hon. Gentleman was well intentioned—that 24-hour care is an illusion.

David Taylor: On site.

Mr. Cox: I still do not accept the point. In the sheltered housing schemes that I have seen, the wardens may not be around all day, but they are known to be somewhere they can easily be reached. That sense of permanent presence conveys confidence and security to the frail and vulnerable.

I was speaking about a situation where individuals have made important decisions to their detriment, based on the understanding that 24-hour wardens would be present, and then they find that those wardens are removed. That cannot be right. In particular, it cannot be right when written or oral representations have been made to residents saying that the 24-hour warden will be there and that there is no risk of them being removed from that particular housing development. How can it be right then to break those representations? It cannot be right, and I apprehend that the legitimate expectations to which such situations have given rise are the basis of some of the cases before the High Court now.

We as a House of Commons should not leave it to the judges to sort out the problem. There is a developing picture of incoherence in the way in which such changes are being implemented throughout the country, and it is up to the Government, as the Help the Aged report says so plainly and eloquently, to take hold of the situation and to offer leadership. There should be no prescription for floating support. There should be no presumption that floating support always yields the better benefits. The system adopted must take account of residents' views, and when elderly people have made decisions based on the understanding that a resident warden will be present, it is not right for an authority to withdraw that warden contrary to the wishes of the majority of the residents in that development, and no authority ought to do so. Only if we offer that safeguard—only if we offer not just consultation but the knowledge that their wishes will be a critical factor in any decision that is taken—will we restore to tens of thousands of elderly people throughout the country the confidence that the Government and the House are listening, and that individual Members are willing to stand up and fight for them, as we are here to do this morning. They must have confidence that the system does not have to be a juggernaut that rides roughshod and tramples over the interests of individual elderly people. The Government

[Mr. Cox]

must understand that elderly people are a critical and precious responsibility of this House. I urge them to get a grip on the situation as soon as possible and to offer moral and political leadership as a Government should.

Several hon. Members *rose—*

Mr. Bill Olner (in the Chair): Before I call the next speaker, let me say that three Members have written in to say that they wish to contribute to the debate, and I want to bring them all in. However, I advise some self-discipline because I intend to call the winding-up speeches just before 10.30 am.

9.58 am

Mr. David Drew (Stroud) (Lab/Co-op): I am delighted to take part in this debate. I congratulate the hon. and learned Member for Torridge and West Devon (Mr. Cox) on choosing this topic. I know his part of the world rather well, but I will not talk about specific areas. However, I should like to put it on record that I was in one of my sheltered units in Sherborne under the tutelage of a scheme manager. I have to say at this point that it has taken me nearly 10 years to use that title rather than "warden". If I get it wrong, I apologise because I am always being told that wardens are now called scheme managers. The unit to which I refer is under the scheme managership of Marilyn Wood. It is an excellent unit that has become a very sheltered scheme. I want to say a few things about that, given the way in which the arrangements have moved on from the days of the traditional sheltered unit.

Stroud is very good in this field, as we have 29 units, which are enormously varied. In many respects, however, my message to my hon. Friend the Minister about the current system is that if it ain't broke, why are we trying to fix it? However, we must also recognise that sheltered accommodation has to move on, and one of the ways in which it should do so is in building more units, which are needed. Recently, the only units that have been provided are either in what I call the not-for-profit sector or, more particularly, in the private sector, whereas to me sheltered accommodation is a function of local authorities and one that they fulfil very well.

I pay due regard to Pauline Simpson, who chairs the United Sheltered Accommodation Panel in Stroud. Somewhat contrary to what the hon. and learned Member for Torridge and West Devon said, it is interesting that in Stroud, people have organised terribly effectively, to the extent that they are pushing the boundaries of participation and consultation. It is certainly not uncommon for 28, even on occasion 29, of the units in Stroud to be represented at that panel. It is a fairly fierce body for anybody going before it, because the people on it do not hold back in saying what they think and they are very clear in their thinking.

The starting point, or backdrop, to this discussion is that Stroud, perhaps like the rest of the country, has been reviewing the role of sheltered accommodation for some considerable time. The current review started in March 2007, which is more than two years ago, and that review was itself conducted on the back of earlier reviews. I think that we need to reach a conclusion about what we want to do. Much of the review process is about establishing where Supporting People fits in the context of sheltered accommodation. I must say absolutely clearly that Supporting People was a good concept. I say so, because Gloucestershire did peculiarly well out of the early budgetary arrangements for Supporting People. The difficulty was that it was not at all clear how the money would be divvied out, and as the money has been reduced, the allocations have definitely become much more tense and controversial, to the extent that Gloucestershire has had to pay back money, relatively speaking, and it has certainly been capped, which is very unhelpful. This debate is highly pertinent, because in April 2009, we lost the ring fence, which has brought this issue to a head and led a lot of tenants to question how sheltered accommodation will continue to function in future.

I take it as read that sheltered accommodation is appropriate for those who choose it. I deliberately use those words, because sheltered accommodation is not suitable for everyone. However, I become very annoyed when people see it as a historic form of institutional provision, because that is not what it is. It is very good at what it does, and the key to that success is not the buildings but the people involved. The most important person involved is the warden or scheme manager, and if a unit gets a good one, it functions very well.

One of the things that was drawn to my attention by Pauline Simpson of USAP was a report on this subject. The hon. and learned Member for Torridge and West Devon talked about a report by Help the Aged, but the report to which Pauline Simpson referred me was by Pascalle van Bilsen and others. It looks at sheltered housing, and compares it with independent housing, and the discussion section begins:

> "The most prominent finding of this study is that two comparable groups of frail elderly people in two different housing conditions differed in perceived quality of life, autonomy and feelings of insecurity; respondents living in sheltered housing evaluated their quality of life more favourably and experienced greater autonomy and fewer feelings of insecurity than respondents living independently in the community."

That sums up the situation. Why do people want to go into sheltered housing? It is not to lose their independence but to protect it, because they get the best of both worlds; they have someone just keeping an eye on them, but they can keep their own room and their own way of living, despite the fact that they are living communally, which I think has an enormous amount to be said for it in older life.

The problem is that much of the accommodation has aged and we must recognise that it is necessary to invest in sheltered units, just as it is necessary to invest in every other unit of accommodation. If Stroud is taken as an exemplar, which I think it can be, many sheltered units are bedsits, which in this day and age are not popular, because of the lack of space. Moreover, there are always issues related to pets and the way in which people think that their home is really a home, rather than something else.

There is also the issue of the age at which people can go into sheltered accommodation—I am always wrestling with that issue. Notionally, people can go in from the age of 60 onwards and I think that that is quite important. For some people, their situation is such that they need to enter into this type of sheltered living at a relatively young age, normally because they have a disability or because they are vulnerable in some way or other. However, that causes some tensions, because there may be a huge age range of people in sheltered accommodation.

We must also consider the suitability of some of the accommodation for people as they become frailer. We need to talk about wet floors and how people can be bathed. All of the facilities, for bathing and for other activities, need to be made fit for purpose, if someone's quality of life is to be kept at such a standard that they want to live in sheltered accommodation rather than seeing it as a trap. There are also issues related to things such as mobility scooters, which in many respects are a pain, but they are absolutely vital for the people who use them. In the area where I live—Sherborne is in Stonehouse, where I reside—mobility scooters are very attractive, as it is a flat part of Stroud. However, if people are not careful, there are mobility scooter motorway wars, with scooters buzzing around. That is great, but each scooter needs to be powered up and kept in an appropriate place, which is not always easy in some of our older buildings.

Turning to the subject of resident scheme managers, there is always tension about availability. It is important to lay down standards that are fair to the scheme managers, but of course back-up is required. My father, who recently passed away, relied on an alarm system in the community, and that system is crucial. What happens when someone falls over? Who picks them up? There are some real tension points in that situation. Is it the ambulance service that picks them up? Is it a requirement that the scheme manager should do so, or is there some other way to deal with that situation? It is a perennial debate.

I am aware that other Members want to speak in the debate, so I will bring my remarks to a fairly speedy conclusion. We have spent long enough reviewing sheltered accommodation, which has a part to play. I certainly welcome some of the material from ERoSH—a consortium on the essential role of sheltered housing—which examines the role of sheltered accommodation in the round. ERoSH is not against floating support per se. There is a gentleman in my constituency called Ron Birch who provides floating support and he himself is quite critical about some of the ways in which we are going, because he believes that floating support is seen as a cheaper option and as a way in which people can try to pretend that they are providing quality support when in reality nobody is providing such support.

Bob Spink: Does the hon. Gentleman think that it would help to inform and improve decisions about sheltered accommodation if there was some more reliable research into the overall total cost of this decision to remove wardens? Establishing that overall total cost would take into account contingent expenses in the national health service and in social services when wardens are withdrawn and floating support is provided, because there is a cost differential in the longer term.

Mr. Drew: Yes, I agree with the hon. Gentleman. As much as I do not want to see death by review, there is a lack of good qualitative research that looks at costs and some of the reasons why people go into sheltered accommodation. The point that I was going on to make was about how we manage the way in which people exit—I do not mean "exit" in the worst possible way, but literally the way in which people need to move into residential care because they are no longer capable of being nursed. That is why I liked the concept of very sheltered accommodation, as it was a stepping-stone. However, the issues are not easy, and they must be coped with at an individual level.

We need to get out there and proclaim the value of sheltered accommodation. It must change and be updated, and it certainly needs investment, but the benefits are there for all to see. I congratulate the hon. and learned Member for Torridge and West Devon, who spelled out those benefits much more fluently than I have done, but consultation with those in sheltered accommodation must be a real exercise. It must involve participation, and it certainly must give people—

Mr. Bill Olner (in the Chair): Order. The hon. Gentleman was doing quite well until he took that last intervention.

Mr. Drew: I will bring my remarks to a close, Mr. Olner. We need definitive support from Government and local authorities, and we certainly need the support of those whom we would like to live in sheltered accommodation. That is where we should be going. Let us make sure that we put it on the record, along with the support that exists for it, because it is very appropriate for many of our older people.

10.11 am

Dr. John Pugh (Southport) (LD): I congratulate the hon. and learned Member for Torridge and West Devon (Mr. Cox) on how thoroughly and exhaustively he introduced this topic. I will explain briefly, widening the debate a little, why I am here.

I picked up a lot of additional casework recently relating to tenancy and leasehold issues, many of which centred on service charges and quite a few of which concerned the role of scheme managers. There were complaints and discussions about their availability, the change in service and the cost—in many cases, the increased cost—of the service. It seemed to affect a wide variety of accommodation in my constituency, with a wide variety of clients and providers, ranging from the more traditional model of low-cost sheltered housing to high-cost bespoke luxury developments.

Generally, the picture was fairly simple. It was generally agreed that less was being provided for more. That is annoying, as the hon. and learned Gentleman explained in his initial remarks, to anybody on a fixed budget trying to manage their finances who does not anticipate those finances growing to any extent. If one talks to residents, they often put the cause down to something relatively simple: they blame either the parsimony or the profiteering of the organisation in putting up the charge.

However, when one talks to the organisations themselves—the various housing associations and companies that provide sheltered housing—it gets a little more complex. They talk about tax changes and the changing treatment by Her Majesty's Revenue and Customs of benefits in kind. Some—I must be careful with the hon. Member for Castle Point (Bob Spink) here—talk about the effect of the EU working time directive on the number of hours that wardens in sheltered housing can work. Many, of course, talk about the change in the Supporting People budget, the separation of housing and care costs and the end of local authority ring-fencing.

[Dr. John Pugh]

All those issues are, frankly, out of the range of ordinary tenants and leaseholders. They are simply confronted with the effects. A particularly acute case in my constituency occurred in a housing development run by Anchor housing, a reputable sheltered housing provider, and involved a tenant who was locked out. She happened to be locked out after the on-site warden had finished her hours. Other tenants visited the on-site warden on the tenant's behalf, trying to get her to open up the house, but the warden refused, saying that it was beyond her role at the moment. The tenants went one step further and asked for a key, which was not provided either. In the end, a locksmith had to come all the way from Bolton—that was how the Anchor scheme was supposed to run—to let in the old lady who had waited two hours in the cold to get into her accommodation.

That is not the nature of sheltered housing, which is why the incident attracted a degree of media attention in the national press. I suppose that the case could be seen as the extreme tip of quite a large iceberg. Generally speaking, the pattern is fairly clear. The warden service is changing, sometimes in good ways—wardens now are probably better trained now than they have been hitherto—but generally, there is a switch away from the beck and call model, which had its limitations and sometimes imposed on wardens in ways that were inappropriate, to the less popular remote model. That raises three key issues.

The first is a straightforward consumer protection issue. People choose and budget for a particular care package when they go into care housing, as the hon. and learned Gentleman explained clearly in his initial remarks. They pay for a warden service that is then reduced, or they pay for an on-site service that is then removed, seemingly with limited redress. The possibilities for redress must be explored. Warden service is not the only area in which that can happen. I do not want to make Anchor housing the villain of the piece, but the organisation also goes to residents and says, "You've got a bath now. We are replacing it with a shower whether you like it or not, unless you have a doctor's note." That does not strike me as being in the spirit of sheltered housing.

That brings me to the second issue. Sheltered housing providers need to think hard about their mission. They are identified with a particular product and a particular kind of client relationship. I know that some of the larger ones want to change the nature of that relationship, and are more attracted to the provision of peripatetic care packages than to the traditional role of providing sheltered housing in the understood sense. However, such providers risk becoming more business-like and losing some of their original sense of mission or soul. One thing weighing heavily on people who complain about what sheltered housing provides is the very high salaries paid by some of the bigger housing associations to their chief executives.

The third issue is public accountability. If providers have access to the public purse, how can they account for that better? Ironically, it is the bigger providers that sometimes find it easier to fill in all the forms and assessments for which they are asked. I have Abbeyfield homes in my constituency, as well as a number of smaller providers. They genuinely struggle to deal with the documentation loaded on them by the local authority, which goes as far as to ask individual clients, including 90-year-old ladies with dementia, what they think of procurement strategies. I have seen the documents; they are wholly inappropriate and make it difficult for smaller providers to prove they are doing a really good job, as is the case.

More bureaucracy is not the solution to any of those problems. The solution, which has been well mapped out in this debate, is to empower the vulnerable citizens who end up in sheltered housing. That might require considering arrangements for advocacy on their behalf, as some of them are not particularly capable of doing so themselves. As was also illustrated by the hon. and learned Gentleman in his opening remarks, we as policy makers must decide what should be provided, or we will simply end up with what we get, not having planned for it. That throws the ball back into the Minister's court, because the call for clear leadership is well supported.

10.18 am

Mr. David Heath (Somerton and Frome) (LD): I, too, congratulate the hon. and learned Member for Torridge and West Devon (Mr. Cox), as well as the hon. Member for Stroud (Mr. Drew) and my hon. Friend the Member for Southport (Dr. Pugh), on not only the content of this debate but the tone in which it has been carried out. It is absolutely right that we seek a consensus on this issue, which affects our constituents, rather than indulging in party political debate. It is not a party political issue.

I am particularly indebted to the hon. and learned Gentleman for securing this debate. Had he not done so, I would have had to, in order to meet my commitments on the matter to the residents of Elizabeth court in Martock, whom I met only last week. I said, "Of course I will try to secure a debate early in the next parliamentary Session." The hon. and learned Gentleman has done me a great service.

The residents of Elizabeth court have a particular concern. They are losing their part-time warden, having lost their full-time warden some time ago. That is not a local government housing scheme, but a housing association scheme that did not derive from council housing. That widens the context of the debate slightly from the traditional question of what a council provides, because the issue concerns all providers.

While talking about my constituency, I ought to mention a case that was well publicised in the national newspapers over the summer. A gentleman in his 80s fell in his home in Holcombe and broke his hip. He was left for some time before being discovered by a neighbour. There was no easy recourse to deal with his problems. That illustrates the exposure of many elderly people. They are anxious, correctly, that if there is an emergency they will no longer have the support they used to have. Four years ago there was an on-site warden who would have dealt with that gentleman's issues.

In 2003, there was a court case in which 20 wardens from Harrow borough council claimed that their conditions fell foul of the European working time directive because they were contracted to work 37 hours per week, whereas they were working for more than 100 hours per week. The court found in their favour and awarded substantial compensation. As a result, concern spread quickly among housing

managers that they could no longer have on-site sheltered accommodation wardens. That is still used as the reason for many of the changes we are discussing.

The changes have now gone well beyond that, because it is often not on-site wardens but part-time non-residential wardens who are being withdrawn in favour of the model described in this debate. Far from the amount of sheltered accommodation being increased, as the hon. Member for Stroud urged, 50,000 sheltered housing units have been lost over the last five years. It is estimated that there are 470,000 units in the country, compared with 520,000 units five years ago. When I say those units have been lost, I do not mean they have been bulldozed, but that the support for residents that provided them with sheltered accommodation is no longer provided. As the hon. and learned Member for Torridge and West Devon said, it is estimated that within three years, 40 per cent. of schemes will have floating support.

Like other hon. Members, I am not critical of local authorities or housing associations that are putting the greatest possible effort into providing support for their residents. There are some for whom floating support is the right answer; I simply argue that it is not right for all residents. For many residents, it creates a high level of anxiety. Like the rest of the population, residents of sheltered housing schemes as a demographic are becoming older and frailer. They are now more likely to lack comparatively young, good neighbours who can come to their aid and support them in difficult times. That is why wardens are valuable. As is so often the case with people who work in social support systems, wardens have sometimes been exploited because they provide added value. They often go beyond the strict terms of their remit. However, that provides not only support, but vital reassurance for residents.

Moving wardens away appears to provide a cost saving for the housing association. However, as the hon. Member for Castle Point (Bob Spink) said, the costs are often simply transferred elsewhere in the system, making the cost saving only an illusion. We have adduced similar arguments in debates on the value of community beat officers. Such officers were never cost-effective in terms of fighting crime, but they are desirable because they provide intangibles such as reassurance for the community. In the same way, rural post offices have high unit costs and cannot be justified by looking just at the bottom line on the balance sheet. However, they provide enormous value to a community that goes well beyond the strict terms of the business.

I have mentioned that we are discussing not just local authority housing but housing associations. The current judicial review is against the withdrawal of warden facilities in non-municipal housing associations. As my hon. Friend the Member for Southport suggested, it is reasonable for residents to expect warden support after they decide to enter such housing. It is a contractual issue because when the housing is bought, the advertisements say that it is sheltered housing with warden support. I have seen such advertisements. The contract they sign is therefore for sheltered housing with warden support. Residents are now being told that the support is being withdrawn unilaterally, without a consequent amendment of contract. We must wait and see what the judicial review says, but I think there is a reasonable expectation.

We have very few minutes at our disposal, so I will close to allow others to speak. I say simply that there must be alternative ways of delivering a better service for those who wish to see a physical presence. I will not prescribe the alternatives, but one that comes readily to mind was instituted many years ago when I was the leader of Somerset county council. Then, there was a movement from institutional care to so-called care in the community. We developed core and cluster systems that provided a resource to a group of people living in houses. That is not quite the same as sheltered housing, but perhaps such a system could be provided by long-term care establishments under contract, to give at least part-time warden support for sheltered housing schemes that goes beyond the simple emergency response and call-up systems being proposed.

We need to look at the consultation process and the kind of executive decisions that are too often being taken for the good of the residents, but without their agreement.

Mr. Bill Olner (in the Chair): Order. The hon. Gentleman should give his party's spokesman an opportunity to contribute.

Mr. Heath: I am very happy to give way to my hon. Friend.

10.28 am

Sarah Teather (Brent, East) (LD): Thank you, Mr. Olner. It is a pleasure to serve under your chairmanship for the first time.

I congratulate the hon. and learned Member for Torridge and West Devon (Mr. Cox) on securing the debate. This issue is of extreme interest to many people up and down the country. I congratulate him on the tone with which he opened the debate. He was careful to ensure that we understood that he was saying not that floating support is always wrong, nor that wardens are always right, but that the key point is consultation. We must ensure that residents in sheltered accommodation get what they need and that their views are listened to and taken into account.

The hon. Member for Stroud (Mr. Drew) spoke of the complexities of the support that is needed in sheltered housing schemes and the dangers of appearing to follow cheaper models. The hon. Member for Castle Point (Bob Spink), who is no longer in the Chamber, pointed out that the cheaper option might not always be cheaper in the long term. My hon. Friend the Member for Southport (Dr. Pugh) spoke about changes in the models for warden schemes, even where they continue.

My hon. Friend the Member for Somerton and Frome (Mr. Heath) spoke about what happens when wardens are not in place; for example, people might fall and be unable to access support. That reminded me of what happened to my grandmother 20 years ago. She was living in sheltered accommodation that had wardens when she fainted and broke her shoulder. Unfortunately, she lay on the floor for the best part of eight hours, so it is not always the case that, where wardens are in place, people are prevented from being left in a vulnerable position for an extended period.

As I listened to the opening remarks of the hon. and learned Member for Torridge and West Devon, I was reminded of a consultation meeting with Age Concern

[Sarah Teather]

that I attended just last week. Age Concern has been running a series of focus groups with elderly people to look at the Government's Green Paper, "Shaping the Future of Care Together." It wants to make sure that local politicians understand what older people think about the questions posed in the Green Paper and that we understand what older people feel most strongly about.

What struck me most particularly about the comments of the people on the group in Brent was what was said about their complex needs and how meeting those needs allows them to remain independent. The issue is not always about practical elements of support, for example, meals on wheels or adaptations to homes; it is often about emotional support. People on the group in Brent spoke about the extent to which depression is under-reported and under-diagnosed in older people and how daily emotional contact is essential if they are to remain independent. Once depression sets in, it often has a knock-on effect on many other aspects of physical well-being and someone's ability to remain in their own home.

Dr. Pugh: My hon. Friend is making an excellent point about the specific nature of consultation and how it can be tailored to individual circumstances. One consultation pattern is for large housing associations to consult at national level and ignore the variants in establishments across the country. In such a situation, consultation has taken place, but it is not the right kind of consultation—with the residents on site.

Sarah Teather: I agree. My hon. Friend makes an excellent point—I was actually going to make it myself—about the nature of consultation and the importance of good practice. I am always a little cynical when central Government lecture either local councils or housing associations on what qualifies as good-quality consultation because they are often just as poor at producing decent consultation, and they almost inevitably fall into the trap that national consultations bear no relationship to local needs, as my hon. Friend has just mentioned.

By highlighting the issues that the Brent Age Concern group raised with me last week I was making the point that consultation needs to be sensitive, because to get at the issues relating to personal contact, and the kind of personal contact people need, requires sensitively framed questions. The questions in consultations are often framed in such a way that people feel unable to give the answers that they want to give, and they feel unable to express their needs. In terms of the support that they would like, even in relation to one-on-one support from a particular support worker, local residents have said to me that day centres and group activities can often be as important as practical issues. All those matters are part of the mix that needs to go into any kind of funding to support people in sheltered accommodation.

I accept the point made by the hon. and learned Member for Torridge and West Devon, which other hon. Members also mentioned, that elderly people have often made decisions about their life on the basis that support and a live-in warden is provided—for example, they may have decided not to live with their family. That is why the type of consultation I have mentioned is absolutely vital. The Help the Aged report that the hon. and learned Gentleman cited in his opening remarks suggested that before a decision is made to remove a warden, it should be put to a vote of local residents. That seems to be an example of good practice, which I hope housing associations and councils will consider following. It is perhaps most important that any changes introduced are given time and are not brought in overnight. All too often there is a three-month consultation and a month later, the warden is removed. Someone who is vulnerable needs longer to adapt, even if the proposed changes might be better in the long run.

I strongly encourage the Local Government Association, and perhaps also the Department for Communities and Local Government, to produce a piece of research on good practice in consultations. In addition, I strongly encourage all housing associations and councils to get involved with their local organisations, whether Help the Aged, Age Concern or older people's forums, to ensure that any questions asked in a consultation are properly framed around local need.

The Help the Aged report also suggested that the Tenant Services Authority should have a role to play. I think that it has a role in holding local providers to account if they fail to live up to good standards of consultation. I hope that it will set up a clear independent complaints procedure for tenants who are unhappy with their support services, rather than just for those who are unhappy with their housing management.

On consultation, it is undoubtedly the case that because housing management and social care are provided by different packages, it can be confusing for elderly residents to work out exactly what is on offer. The Help the Aged report recommended that the Government should consider providing retirement housing as a coherent package, and I hope that the Minister will respond to that point in his closing remarks as I would be interested to know whether the DCLG has any plans to provide housing in a more coherent way.

Ultimately, the question is whether it was the right decision for the Government to end the ring-fencing of funding for the Supporting People initiative. Unfortunately, when people are unhappy with what is happening on the ground, it is easy for the immediate knee-jerk reaction to be to bring back ring-fencing for a particular funding scheme. However, that is not the answer. I am no more confident that central Government will provide the right kind of care for people in a particular area than I am that local government will. In fact, local government is more likely to be held to account by local residents when it gets things wrong—it is far more difficult for people in a residential or sheltered care scheme to hold the Minister to account if he decides that a particular care package is appropriate for a residential home than it is for people to bang down the doors of their local council.

We know that we face great financial difficulty over the next five or possibly even 10 years in relation to public spending, but it is important that ending ring-fencing does not become an excuse for phasing out funding or squeezing budgets, and that local councils do not end up getting the blame for what is, in essence, the removal of money by central Government.

10.37 am

Mr. Paul Goodman (Wycombe) (Con): It is a pleasure to see you in the Chair, Mr. Olner. This has been an expert and calm debate that has been mercifully free of the party political rancour that sometimes disfigures these occasions. The reason for that lies in the contributions of all hon. Members to date, and in the fact that the tone was set from the start by my hon. and learned Friend the Member for Torridge and West Devon (Mr. Cox). I congratulate him on securing the debate, during which he reminded us that we all have sheltered housing schemes in our constituencies. I think that the hon. Member for Southport (Dr. Pugh) said that he had an Abbeyfield scheme; I have one in my constituency, too.

At the start of the debate, my hon. and learned Friend acutely and sensitively tried to focus the minds of hon. Members on the psychology of the older people who use sheltered housing. In some cases, the older people concerned will have perhaps recently lost a relative, be separated by a long distance from their children if they have any—their children may work elsewhere—and may not have easy access to their grandchildren. They may therefore suffer from the loneliness and depression to which the hon. Member for Brent, East (Sarah Teather) referred. Of course, the warden is important in such situations because, in many cases, they can take the place of a family member. Because wardens fulfil that function, they sometimes—perhaps often—work well above the literal demands made on the time for which they are paid, as the hon. Member for Somerton and Frome (Mr. Heath) reminded us. It is quite right for hon. Members to highlight the role of wardens.

My hon. and learned Friend the Member for Torridge and West Devon said that he was not here to defend, per se, the application of any particular system. I have read both the Help the Aged report and the remarks of Imogen Parry of ERoSH—the Essential Role of Sheltered Housing, which is the national consortium of sheltered and retirement housing. It is worth noting an important point that she made in that organisation's assessment of what is taking place. She said:

"Many residents are pleased with changes that have been made to their support services, including a move away from resident warden services, particularly"—

this is the key point—

"when they have been fully involved in the process."

If there is a single word that sums up this debate, it is "consultation". As the Liberal Democrat spokesperson, the hon. Member for Brent, East, has just reminded us, consultation should be carried out in the right way, sensitively and with face-to-face contact whenever possible. Imogen Parry has said that the Help the Aged report, "Nobody's Listening", which I have seen,

"noted a link between satisfied tenants and good communication and engagement by landlords or support providers... We promote better understanding of the reasons for the withdrawal of resident wardens, meaningful engagement with residents, better use of assistive technology...and a strategic approach to sheltered housing allocations."

Members have mentioned the legal challenge involving more than 40 authorities that is being carried out by the solicitor, Yvonne Hossack. My hon. and learned Friend indicated that a key issue relates to arrangements entered into by older people, perhaps including the older people to whom he directly referred, and the feeling that the arrangements were later altered arbitrarily and unfairly. As a distinguished lawyer, he knows that will be a matter for the courts, so I shall not go any further down that road. Instead, I shall ask the Minister a few questions.

As the Liberal Democrat spokesman indicated in her remarks on ring-fencing, with which we agree, it is important to strike the right balance between localism and what national Government should properly do. My hon. and learned Friend painted a picture of huge social change, with the move towards floating wardens, without the Government having any grip on the matter at the centre or providing adequate guidance. I have three quick questions for the Minister. First, are the Government making any central assessment of the great social change to which my hon. and learned Friend referred? Obviously, we do not want what the hon. Member for Stroud (Mr. Drew) rightly called death by review, but we want to be sure that the Government have a grip on the issue, including a grip of costs.

Secondly—this question arises directly from the Help the Aged report—what could the Government do to tackle complaints? What guidance could they give local authorities? As the report has made clear, older people in sheltered accommodation, who have not necessarily been consulted about change, are vulnerable and there is a question about where they should go if they have a complaint. Should they go to the local government ombudsman or to the housing ombudsman? What is the Minister doing to ensure that the complaint process is more streamlined? What are the Government doing to ensure that the local government and housing ombudsmen in particular work together better on the issue, just as the local government and health ombudsmen are being encouraged to do by the Government?

Finally, I have a brief question about advocacy, which has been raised by the hon. Member for Southport and others. What plans do the Government have to make recommendations to local authorities regarding advocacy services, or to put such services in place themselves, to allow older people who may not have been properly consulted to make their case to the housing association or the local authority?

I congratulate my hon. and learned Friend again on having secured this important debate.

10.45 am

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Ian Austin): It is a pleasure to serve under your chairmanship, Mr. Olner. I know what a great interest you have taken in these matters, both as an MP since 1992, and prior to that as a local councillor.

I, too, congratulate the hon. and learned Member for Torridge and West Devon (Mr. Cox) on securing the debate. He is well known for his expertise on this issue and for his commitment and dedication to campaigning for better services for older people, not only in his constituency but across the country.

I echo what several hon. Members have said about the tone of this debate. They have raised a series of important issues that I shall try to address. I hope that they understand how seriously the Government take the housing and support needs of all elderly and vulnerable people, whether they live in their own homes, with family or in supported housing such as sheltered or

[Mr. Ian Austin]

extra care schemes. I want to pay tribute to all those who provide care for older people, whether in sheltered schemes or in their own homes. I echo what hon. Members have said about wardens and the heroic work that they do, and I pay tribute to all those who provide floating support in the community, thereby enabling people to stay in their own homes, as many wish to do.

The Government's aim is to ensure that our vulnerable and older citizens get the best housing and support services that can be made available locally in the most effective way. In February 2008, my Department published "Lifetime Homes, Lifetime Neighbourhoods: A National Strategy for Housing in an Ageing Society", in which we set out how sheltered housing is often a positive choice for older people who want to remain independent, but who value that little bit of support or shelter and the sense of security and community that such a scheme can provide. We said in that document that

"extra care and care homes at their best can be vibrant community hubs, tackling exclusion and promoting active ageing, even if the accommodation itself is dated."

As the hon. and learned Member for Torridge and West Devon has pointed out, it is for local authorities to decide how best to design and commission such services. We all agree that local authorities are best placed to identify the services that are required to meet the needs of their local areas and to balance local priorities. We are not in the business of dictating to local authorities or service providers the detail of what local services they should provide and how to do so, or in micro-managing the delivery of those services. However, we are equally clear that in developing and commissioning local services, local authorities should take into account the views and experiences of local service providers, local people and especially of service users.

Consultation and needs assessment are critical, both to ensure that any changes in services are effectively managed and reflect the wishes of service users, and to enable local authorities to meet the needs of all service users. That was emphasised in the Supporting People strategy paper, "Independence and Opportunity", which the Department published in 2007. One of the strategy's most important features is the emphasis that it places on keeping service users at the heart of the delivery of housing support.

The importance of needs assessment and consultation with service users is also enshrined in the quality assessment framework for the Supporting People programme, which was introduced in 2003 and sets out the standards expected in the delivery of Supporting People services. One of its five core principles is client involvement and empowerment, which demonstrates the importance the Government place on that issue. It also identified methods of evidencing achievement and has been a successful practical tool for ensuring continuous improvement in services delivering housing and related support over the past five years. It was reviewed last year to bring it up to date and further emphasise the need for high-quality, individually focused services that aim to improve outcomes for service users. The majority of administering authorities continue to use the QAF, and there is evidence that other services across authorities, such as adult social care, are adopting it as a standard tool to measure the quality of services provided.

Hon. Members have set out cases in which residents of sheltered housing schemes across the country are concerned about changes to resident warden schemes, especially how those changes are being implemented. I want to spend some time addressing that important and complex matter. It is fair to say that changes in support services for sheltered housing and the replacement of resident wardens by alternative service models are not a new phenomenon. Those changes have been taking place for two decades, as was acknowledged in the campaign report by Help the Aged entitled "Nobody's listening", to which the hon. and learned Gentleman referred.

There are several reasons for those changes. An independent review of floating support services conducted for the Department last year identified a range of factors. It found that there was less demand for sheltered housing, as people tend to move into sheltered housing later in life; that a large number of sheltered housing schemes are not up to modern standards, perhaps providing only bedsit accommodation; and that a significant number of sheltered housing residents do not require support services and are defined as the "active elderly". That is also reflected in the correspondence we have received from residents of sheltered housing, as they complain that they are sometimes required to pay for services that they do not want. As a result, some administering authorities are commissioning flexible, mobile support to sheltered housing tenants, based on an assessment of support needs, and they are extending that mobile support to older people in other types of accommodation. That is a key benefit of the Supporting People programme, which makes housing-related support services accessible to all vulnerable people, regardless of where they live or their type of tenure.

Other factors driving those changes include problems recruiting resident wardens, which have arisen in several areas, as sheltered housing is not immune to the wider demographic, technological and economic challenges and changes that society faces. We need to encourage innovative ways of caring for and supporting people to provide a more personalised service and make the most of emerging technology. For example, greater use of telecare can bring substantial benefits, including assisting people to remain in their own homes. It can reduce inappropriate admissions to hospitals, facilitate discharge from hospital more quickly and provide advance warning if someone's condition deteriorates.

The "Shaping the Future of Care Together" Green Paper, published earlier this year, sets out the Government ambition for a national care service in England. It recognises that Supporting People put in place structures that enabled partnerships of local authorities, health services and probation services to make decisions about improvements and local investment in housing for vulnerable people. It demonstrates the opportunities for increased innovation in the joint commissioning of those services. Supporting People contributes to the developing work on the national care service, as it shares the same aims of improving service user choice and control and keeping service users at the heart of the programme and its local implementation.

Hon. Members will be aware that my ministerial colleague, Lord McKenzie, is chairing a working group on sheltered housing, providing precisely the sort of leadership that has been called for in the debate, and I

will take this opportunity to update hon. Members on that work. The group was established in April by Baroness Andrews, and brings together a range of interested organisations, including representatives of service commissioners, providers and residents, to consider how best to support good local decision making and practice. It is taking forward several projects on resident engagement and consultation and on service models, and that addresses the second and third questions asked by the hon. Member for Wycombe (Mr. Goodman).

The National Housing Federation is leading work on good practice guidance in the implementation of any changes to current support services, including case studies on a variety of successful models for support services for older people, whether flexible community-based support, a scheme management service, the innovative use of technology or a hub-and-spoke model. That work will look at the costs and benefits of the various models—not just the financial costs, but the psychological costs to residents as well. By identifying value for money and overall benefits for older people, the case studies will present providers and commissioners with a sound evidence base for commissioning support services for older people.

Consultation is an absolutely vital part of any service, and that cannot be emphasised too strongly. I do not condone the examples of bad practice that the hon. and learned Member for Torridge and West Devon gave. As the report "Nobody's Listening" points out, if an organisation has really involved and consulted its service users, often change might not be such a contentious or frightening issue, and that is why consultation should happen before those decisions are made, rather than after.

Consultation should also be a proper two-way process, ensuring that the provider is able to portray the situation it faces and offering the opportunity to discuss why those changes are being considered and all the options available. It is for those reasons that consultation and engagement with residents is a critical issue for the ministerial working group, which is doing precisely the sort of work that the hon. Member for Brent, East (Sarah Teather) called for. The Centre for Housing Support is leading work on a good practice guide for providers and commissioners of services on how to engage and consult residents. The guide will improve providers' ability to consult meaningfully and engage people. It will help service users to understand what they can expect of consultation, and it will provide a benchmark so that they can make comparisons with what happens in their own organisations.

The ministerial working group is also looking at a key concern raised by Help the Aged: the lack of clarity over the complaints procedures for residents of sheltered housing. The Chartered Institute of Housing is leading work to produce a guide providing clear and concise information about the roles and responsibilities of the different regulatory agencies; when, how and by whom those services can be used; how the agencies relate to each other; and the type of information they require to act. The complaints guide will enable tenants and residents in sheltered housing and their families and carers to judge who to complain to and how to do so if they have exhausted the landlord's internal complaints processes. Those three guides will be published early in 2010.

This debate has raised several serious issues about the way in which residents in supported housing schemes are treated, as well as their concerns about the changes that they face. I thank the hon. and learned Member for Torridge and West Devon again for securing the debate, which has provided me with an opportunity to show how seriously the Government take those concerns and our determination to ensure that older people can live safely and independently in their own homes, wherever they may be. As I have explained, the key decisions on the provision of services such as warden support must be a matter for local authorities, but we have always made it clear that any changes to the way in which services are provided should be designed to meet the needs of residents and take account of their views through proper engagement and consultation.

Prisoner Release Decisions

10.59 am

Dr. Nick Palmer (Broxtowe) (Lab): This Adjournment debate is something of an experiment. Traditionally in Adjournment debates, as colleagues know, Members seek to press a particular viewpoint and persuade colleagues and the Government to change policy in the direction that they favour. What I shall try to do with this debate is discuss a process that the political system as a whole demonstrably does not handle very well. I apologise to those who may have come here on the assumption that I would speak about prisoner release in general. The specific issue that I wish to deal with is the release of prisoners who have developed serious illnesses, in particular fatal illnesses.

Hon. Members will be familiar with the cases that arose in the summer of the Libyan bomber Megrahi and Ronnie Biggs. Both attracted considerable controversy, and I do not think they showed any of the parties in an ideal light. Rather than a serious and compassionate analysis of the situation as it affected the prisoners and the victims of their crimes, what we got was a good deal of manoeuvring for position between political parties, a good deal of feverish media speculation on what the real motives were and all the usual stuff that we associate with everyday party politics.

That situation seems unfortunate, not just in those cases but more generally. If someone has committed a serious crime and been convicted—we have to work on the assumption that they were guilty—we owe it to the victims, the justice system and the individuals concerned to treat their case rationally and to try to apply consistent principles that stand up in difficult cases.

One of the fundamental questions I would like to raise is whether it is appropriate that such decisions be taken by a politician in the first place. In many other sensitive areas, Parliament sets up guidelines for how a decision ought to be taken, but the final decision does not actually rest with the senior Minister responsible, whether in Westminster or a devolved Government. We are all familiar with cases where a constituent wants treatment that has not yet been authorised by the National Institute for Health and Clinical Excellence, and which is remarkably expensive. It might extend their life—such cases are very emotional. They are not decided by the Secretary of State for Health but by the primary care trust, occasionally with the involvement of the law.

I would like to put forward for consideration the proposal that such decisions should ultimately be made by a High Court judge. They should be based on criteria set down by Parliament but should not involve ultimate referral either to the Home Secretary, in the case of Westminster, or to his counterparts in the devolved Governments.

What might such criteria look like? I consulted constituents on that last week and heard a wide range of views. A significant minority simply say that if somebody has been sentenced to life imprisonment, it needs to mean life, and, if they are dying, that is part of life. Basically, prisoners should be kept in prison until they are dead. The argument is that life imprisonment itself is a compromise, that we have abolished hanging for the reasons that we all know but if, in addition, we were to water down life imprisonment so that it did not really mean life, we would send a signal to potential offenders that they will not actually face the threat that they would appear on paper to face. However, if, even in hard cases, we say that a prisoner has to stay in prison for the rest of their days, that sends a strong message.

The counter to that, which, again, a significant minority of my constituents argued, is that no useful purpose is served by keeping somebody in prison at considerable public expense—the average prison place costs around £36,000 a year—when they obviously pose no further threat to society. We can think of cases where that was provable beyond reasonable doubt. There has been some discussion in the cases of Megrahi and Biggs about how firm the medical opinions were and so on, but I do not want to get bogged down in those cases.

Let us assume that we have a case involving a serious offence, and the perpetrator is now bedridden with cancer and expected to die within weeks. It is obvious that if we release him he will not start rushing around and committing more crimes, so the immediate concern is probably not applicable, and few people would think of his position as enviable. Very few would say "Life imprisonment is not really for life" if a prisoner who is bedridden and about to die is let out. They would not feel that that was so bad.

David Taylor (North-West Leicestershire) (Lab/Co-op): Section 30 of the Crime (Sentences) Act 1997 deals with the power of the Secretary of State to release on grounds of compassion a prisoner who is suffering from a terminal illness and likely to be dead within three months, but do not some of my hon. Friend's constituents have reasonable cause to point to past cases? The case of Ernest Saunders is not directly parallel, but all those years ago he was supposed to be suffering from dementia but suddenly recovered as soon as he was released from the court process. There were suggestions that Ronnie Biggs would be out celebrating in the pub within a few days, although he was not, but how can people be reassured?

Mr. Bill Olner (in the Chair): Order. The intervention has been well made.

Dr. Palmer: I am grateful to my hon. Friend for that question. It anticipates another point, which several of my constituents made, about the possibility of recall. We do not want to swarm like vultures around someone who is released on the basis that he or she is fatally ill, checking every moment that they are really dying, but there is appropriate public outrage if there is a miraculous recovery. An argument that several constituents made, with which I agree, is that if we are going to do this, one of the conditions should be that the person remain in the jurisdiction of the British Government, or whichever Government have made the decision, so that if they prove not to be nearly as ill as they appeared to be, they can be returned to prison. In effect, the reason for their release would have been proved to be invalid.

The parallel is people who are released on probation on the basis that they are thought no longer to be a threat. As my hon. Friend knows, if they were to commit a further crime, they would be sent back to prison to serve not only the sentence for the new crime but the rest of the sentence for the old crime.

Mr. David Drew (Stroud) (Lab/Co-op): My hon. Friend has not as yet mentioned the victim or the victim's family. I always think that the greatest hurt when early release takes place is caused by a lack of communication with those affected. If that were got right, matters would become much easier. Too often, the last people to hear about what is happening are the victim or their family. Does my hon. Friend agree that that is a great weakness of the present scheme?

Dr. Palmer: Yes, I strongly agree. I, too, have come across cases where the victim of individual violence—not in high-profile cases like Megrahi—has only been informed at the very last moment, if at all, and then feels under immediate threat.

More generally, the feelings of the victims are clearly relevant. A number of judicial authorities have said that the judicial process is not about the victim but fair justice. However, when we talk about compassion we are talking about representing the feelings of the general public and the values of society. It is appropriate for the victims of the crime to be consulted before the decision. It was noticeable that, in the Megrahi case, victims' families had mixed feelings. Some felt strongly that he ought to continue to be detained; some felt that, yes, it was reasonable to release him to show that our values were better than his; and some said that they wanted to move on and did not want to express an opinion either way. In such cases, before making a decision it is appropriate for the victims, in so far as they can be identified, and their families to be informed that the matter is under consideration, so they have the opportunity to make representations.

Mr. Alistair Carmichael (Orkney and Shetland) (LD): I commend the hon. Gentleman for the thoughtful, measured way in which he is approaching this matter. He has spoken about compassion and justice. May I put it to him that compassion is just one element in justice? If justice serves any purpose, it is surely about the reconciliation of offenders and victims. Does he not think that that is the yardstick we should use when measuring the impact of these decisions and deciding whether what we have got, at the end of the day, is justice?

Dr. Palmer: Ideally, yes, there would be reconciliation. Realistically, there will be cases where that is not going to be practical. If someone blew up a relative of mine, I might, if they were dying in prison, say, "Yeah, okay. I won't insist that they stay in prison till their dying day." But I would not want to meet them and make friends. We cannot make the process entirely contingent on that. If we can do it in a way that encourages that, that would be great. If, as in the Megrahi case, some of the victims' families are in favour of a release, and if the offender is willing to acknowledge that and express some gratitude for it, we have made a step forward in terms of civilization.

There is a parallel here with the Brighton bombing, where the perpetrator has, as I understand it, expressed regret for what he did. He is now a free man. Some of the victims feel that they accept the process and some, perfectly understandably, do not. But the fact that we get such a dialogue going is a step forward. I agree with the hon. Gentleman.

I should like colleagues to consider a number of criteria that we might use for such cases. The first is the gravity of the offence. If somebody is in prison for burglary and dying of cancer, for example, it is probably inappropriate, even if they have a relatively short sentence, that we keep them in prison till their dying day. In a serious case, we are more likely to feel that, at least for the deterrent effect, we will want to keep them in prison.

We should consider the question of how long the prisoner has already served. We are all aware of cases where apparently pretty serious offenders have been released after 10 or 15 years on the basis that they are no longer a threat to the public, and that would apply with additional force if the person concerned is dying.

Another point, which relates to what my hon. Friends have said today, is that we should consider how soon a prisoner is expected to die. Medical science is not exact, so a doctor will never say, "He's going to die in two months and seven days", although they may say, "He's not going to last more than another 48 hours." However, if we are talking about three months, as my hon. Friend the Member for North-West Leicestershire (David Taylor) mentioned, we have to allow for the possibility that it is going to be three months and three days or slightly less. We do not need be too finicky about the precise number of days, but we need to be clear that the position is as described, which means that in any such case at least two doctors with absolutely no connection to the prisoner need to give a concurring opinion.

How confident can we be that the offender will not offend again? Someone's having a fatal illness does not necessarily prevent them from committing certain types of crime. For instance, a gang leader who is resentful about the person who got them into prison might feel that revenge should be one of their dying acts—one of their last acts on earth. They might feel that they could do that better outside prison. Issues such as that need to be considered. We need to consider whether a person is safe to be released, regardless of the other considerations.

Does the prisoner show remorse? There is a general problem in the justice system that hon. Members will be familiar with, which is that if someone denies that they committed an offence they are treated as not showing remorse, because they say they have not done it. There will be cases, given that everything is fallible, including the justice system, where people really have not committed an offence. We probably do not want to make a decision dependent entirely on the prisoner's confessing and showing remorse, but it is obviously helpful if the person involved says, "Yes, I did it. It was right that I was imprisoned for it. I'm grateful for any compassion shown, but I appreciate that it was right to sentence me." Personally, I would be inclined to count that in his favour, without completely ruling out a release if he says, "No, it's all unfair. I didn't do it."

We need to consider whether the prisoner has family nearby who are able to take care of him. There is a simple cost issue, which I mentioned briefly earlier—keeping someone in a high-security prison is expensive—but I am not sure that releasing him from prison straight into hospital, especially if there is no family to look after him, would achieve a great deal. It is more helpful if family are available and it somewhat strengthens the case, because the family are not guilty parties, generally speaking, and they might feel that, whatever the prisoner

[Dr. Palmer]

has done, they would like to spend a little time with him before he dies. That is a relevant consideration and something to think about.

The issue underlying all this is the difficult question of what the justice system is for. I mention this because I am a member of the Justice Committee, and we grapple with this issue when considering alternative forms of punishment. The hon. Member for Orkney and Shetland (Mr. Carmichael) said that reconciliation is an important objective. Many of our constituents believe that retribution is part of prison's purpose, and that to some extent society is entitled to believe that if someone commits a terrible crime they will face a penalty. That penalty need not be sadistic, but it should be a penalty nevertheless so that as we go through life we are aware that if we do something wrong, there will be consequences. Rehabilitation in the context that I am discussing is relatively irrelevant if the offender is about to die, although it is obviously relevant in a wider sphere.

More broadly, society's values are reflected by the judicial system. We tend to believe that whatever our current values, they are superior to any others. We express abhorrence at the practice in some countries of cutting off the hand of people who have committed theft, which slightly skates over the fact that we used to hang people for stealing horses. We should not assume that our system reflects the ideal society. One may be too misty-eyed about such matters, because we are generally dealing with people who are not deserving of great sympathy, although elements of their background may have made them what they are today. Nevertheless, there is something to be said for a judicial system that reflects a humanitarian ethos—I am not suggesting a Christian ethos, although it could include that—and that anyone may be forgiven at some point, such as at the end of their life.

The issue is difficult, and the political system does not handle it very well. I hope that my debate has encouraged sensible and non-partisan discussion that might move matters forward.

11.22 am

Pete Wishart (Perth and North Perthshire) (SNP): I congratulate the hon. Member for Broxtowe (Dr. Palmer) on raising this important issue, on his measured approach and on the questions he raised, which were relevant and pertinent.

It will probably not surprise you, Mr. Olner, that I shall deal almost exclusively with probably the biggest prisoner release decision in recent times—the Scottish Government's decision to release the Lockerbie terrorist, Abdelbaset al-Megrahi, on compassionate grounds a few short months ago. I shall try to explain some of the conditions of that release and the process that was followed in reaching it.

Mr. Bill Olner (in the Chair): Order. That is fine, but we are discussing prisoner release decisions—the release of prisoners anywhere on compassionate grounds.

Pete Wishart: I shall try to follow your advice strictly, Mr. Olner, but I am sure that you appreciate that the decision to release Abdelbaset al-Megrahi was a big one and has attracted a lot of attention in the past few months. I believe profoundly that my colleagues in the Scottish Government were absolutely right to release him on compassionate grounds. It was totally consistent with the principles of Scots law and Scottish values of compassion.

The hon. Member for Broxtowe (Dr. Palmer) mentioned victims, who are absolutely important when considering release, in particular compassionate release. We all identify with the suffering of the families of victims, and no family would want to endure such an experience, but I am sure that you will recognise, Mr. Olner, that the prisoner release decision related to something that happened on Scottish soil and that Scottish victims were involved. We know what it feels like to be violated by those who kill and maim indiscriminately for the darkest possible reasons.

David Taylor: Was the hon. Gentleman as dismayed as I was by the routine and opportunistic way in which Opposition parties north and south of the border jumped in with big boots with relation to the al-Megrahi decision, to gain political advantage irrespective of the case?

Pete Wishart: I am grateful for that good intervention. Yes, I was disappointed by the response from other political parties in the light of the decision. We still do not know the UK Government's view. We know the view of the Labour party in Scotland and the Liberal Democrats in Scotland, but we do not know the UK Government's view. Some of the interventions from political parties stank of the worst type of political opportunism and short-termism, which was disappointing.

The Minister of State, Ministry of Justice (Maria Eagle): The hon. Gentleman said that the British Government's view is not known, but we made it clear that the matter was for the Scottish Justice Minister and the Scottish Government. That is the British Government's position.

Pete Wishart: I am grateful to the Minister for stating that. Of course, the Scottish Government's view is that it is their job to make such decisions. We know that. That is what this is all about, so we do not need the Minister to tell us that. What we do not know is whether the UK Government believe that the decision to release al-Megrahi was right. Everyone else has a view on that. The hon. Members for Enfield, Southgate (Mr. Burrowes) and for Orkney and Shetland (Mr. Carmichael) have a view. I have a view. The leader of the Labour party in Scotland has a view. We just do not know what the UK Government's view is.

Maria Eagle: Is the hon. Gentleman suggesting that it would be appropriate for UK Justice Ministers to express a view on a particular case that was devolved to the Scottish Justice Minister when the decision was entirely within his personal remit, as he said? Does he believe that would be an appropriate use of UK Ministers' time?

Pete Wishart: If that were consistently the case, it would be okay, but unfortunately it is not. The Foreign Secretary recently said that the Lockerbie bomber should not die in a Scottish prison. Other Cabinet Ministers have said something different. The UK Government's

response is all over the place. If it were a matter of remaining silent and repeating and parroting the line that it is a matter for the Scottish Government, that would be okay, but there has been no consistency. If there had been consistency, that would be fine.

That big prisoner release decision probably attracted more attention than any other issue during the summer, with international ramifications and much debate. We know the Scottish Government's position, but we are still finding out the UK Government's position. My Scottish Government colleagues always knew that the decision would be painful. It was not one that any colleague in the Scottish Government sought to make, but they solemnly met their obligations and responsibilities to consider that prisoner release decision in the best interests of Scots law. I am immensely proud of how Kenny MacAskill, the Scottish Justice Secretary, made that difficult decision. He knew that it would not be popular in all quarters, and that there would be political opposition to whatever decision he took, but he defiantly defended his quasi-judicial role and was not prepared to be influenced by external political pressures—rightly so.

Dr. Palmer: In view of the pressures described by the hon. Gentleman, and the intense political controversy, does he believe that it is desirable for a politician, however honourable, to make that final decision?

Pete Wishart: I was just coming to that point. I noted that the hon. Gentleman said in his speech that such decisions should be taken out of the hands of politicians. We all have a certain sympathy with that position, but that is not where we were when the decision was made. It was solely and exclusively for the Cabinet Secretary for Justice in the Scottish Parliament, as laid down in statute. It was his decision alone, and he made it not on economic, diplomatic or trade issues, but solely in the interests of Scots law and the best values of Scottish compassion.

When an approach is made for a release on compassionate grounds, regardless of where that is in the UK and regardless of which case it is, the Justice Secretary in Scotland or the Cabinet Secretary in this House has no option but to consider that request and to make a decision based on all the available evidence presented by the statutory bodies involved. In Scotland, in the case that I have been discussing, Kenny MacAskill followed due process, including all the procedures laid down in the prisoner transfer agreement and in the Scottish Prison Service guidance on compassionate release.

Mr. Carmichael: I am interested to explore with the hon. Gentleman the question of what he calls due process. Does he not accept that this is one of those occasions on which the decision that is made is perhaps of equal importance to the way in which it is made? On reflection and in the spirit of the candid and objective analysis that we have undertaken this morning, does he not think that it was regrettable that so much of the decision-making process was carried out in the public eye? I am thinking of the visit to Barlinnie and the constant stream of briefing. That was inevitably going to result in the scenes, which everybody deplored, of Megrahi's return to Tripoli.

Mr. Bill Olner (in the Chair): Order. Before I call the hon. Member for Perth and North Perthshire (Pete Wishart) to respond, I remind hon. Members of the strictures that I tried to place on the debate. This is a general debate about prisoner release decisions on compassionate grounds. I would not want the whole debate to centre on something that was not the decision of the British Government.

Pete Wishart: Thank you, Mr. Olner; I obviously take your remarks very seriously.

Any Minister, when they make decisions regarding a compassionate release, whether in the UK or in Scotland, has to consider all the available evidence. The Scottish Government have to follow a particular Act, and I hope that this will answer the question asked by the hon. Member for Orkney and Shetland, if that is allowed, Mr. Olner. The Scottish Justice Secretary has the power to make decisions on a compassionate basis because of section 3 of the Prisoners and Criminal Proceedings (Scotland) Act 1993. That Act requires that there be solid evidence that a compassionate release should be made. The grounds for compassionate release are given in the Scottish Prison Service guidance about how such releases should be made. I am sure that the situation is very much the same for UK Ministers in this House and that they must consider all the available evidence when they come to make releases on compassionate grounds.

Consideration has to be given to the recommendations from the prison governor and the Parole Board, and all the medical evidence that is provided to support any compassionate release has to be considered. In terms of the guidance in the UK but particularly in Scotland, there are no fixed time limits, but life expectancy of about three months may be considered an appropriate period. The guidance makes it clear that all prisoners, irrespective of sentence length, are eligible to be considered for compassionate release.

In all the cases in which there has been compassionate release, but particularly in the case of the most important prisoner release decision that we have had, all the necessary criteria for consideration of release were met. It is also important to say that very few appeals for compassionate release are turned down. Most are fulfilled. According to the figures that are available, since 1999-2000 all the applications for compassionate release in Scotland have been met. It would have been extraordinary, therefore—

Maria Eagle: Would the hon. Gentleman like to tell hon. Members what the figure is in England and Wales as well as the Scottish figure in that respect?

Pete Wishart: I am sorry to say to the Minister that I do not know what that figure is, but I am sure that she will tell hon. Members when she has an opportunity to do so.

Maria Eagle: Some 28 per cent. of applications for compassionate release are granted in England and Wales.

Pete Wishart: I am grateful to learn that particular fact from the Minister. In Scotland, all applications that have met the criteria have been fulfilled, so it would have been an astonishing precedent for the Scottish Secretary to refuse the application in the case that we

[Pete Wishart]

have been discussing, given that the criteria were met. He could have been accused of making a political decision, given that the criteria were met on all those considerations and conditions.

The decision was taken because of the best interests of Scots law. Due process was absolutely followed in the release of Abdelbaset al-Megrahi. No political factors influenced it. No decisions about trade or whatever influenced the decision by the Scottish Justice Secretary. The other point is that it was made possible because Scots law is different from that in the rest of the UK, and it is right that it is different. Our Justice Secretary made the right decision for the right reasons to release Abdelbaset al-Megrahi, and Scotland has been shown in a good light in terms of the way in which we have been able to respond to that issue and the actions that we took.

11.35 am

John Robertson (Glasgow, North-West) (Lab): I do not intend to make a long contribution—although it seems to get longer every time I write a note. First, I congratulate my hon. Friend the Member for Broxtowe (Dr. Palmer) on securing this important debate. Anybody who knows me knows that in all my time in Parliament and before that, I have always tried to voice my backing for the victim of any form of injury and for the family of any victim who is killed. I was sorry that the hon. Member for Perth and North Perthshire (Pete Wishart) spent so long talking about the Megrahi case. Suffice it to say that I disagree with everything that he said. I feel that the 270 people who were killed on that day and their families deserve a bit more than somebody being released.

Part of the criteria—this applies on both sides of the border—is that the person who is released can receive better treatment somewhere else. I would argue that the treatment in Scotland would be a lot better than the treatment that Megrahi would receive in Libya. Therefore, under that criterion alone, he should not have been released. I had the pleasure of meeting some of the families in America and I can assure hon. Members that their feelings are completely different from those expressed by Mr. MacAskill when he made his decision.

Dr. Palmer: Does my hon. Friend agree that one difficulty about the decision was that Mr. Megrahi was released outside Scottish jurisdiction and the miraculous recovery scenario worries people? If he proves to be in better health than was thought, there will be absolutely nothing that the Scottish Government can do about that.

John Robertson: My hon. Friend is right. We are two months down the line of what was basically a three-month death sentence, according to the medical expertise. That said, the medical expertise was given before 20 August, when Megrahi was released, so we are not quite sure how far down the road we are in terms of the three months. However, whether he dies before three months have elapsed or after, that is not really the argument. I believe that he should not have been released. That is a personal belief. It is not a political belief. I have just always felt that victims and victims' families must be protected.

Let me talk about compassionate release in general. I do have some figures and they disagree with those given by both my hon. Friend the Minister and the hon. Member for Perth and North Perthshire. According to my figures, in Scotland there have been 31 applications since 2000, from which 24 prisoners have been released on medical grounds, with seven requests denied—only one of those involved a murder. In England and Wales, 48 people have been granted permanent early release in the past five years, but there are no figures for the number of applications rejected, so I shall have to accept my hon. Friend's 28 per cent. Of those 48 people, 14 were serving life sentences, so I have to ask my hon. Friend what about their victims' families? Who was thinking of them when those people were being released?

Pete Wishart: It is fascinating that we are kicking around these figures once again, but perhaps the hon. Gentleman can tell us something for the sake of clarity. Of the seven applications that were rejected in Scotland, how many did not meet the full criteria?

John Robertson: The hon. Gentleman talks about full criteria, and of course the full criteria would apply to anybody who was released. If somebody was not released—I talked about whether somebody would receive better medical attention within the prison system or without it—he would say that they did not meet the criteria. I would be more inclined to ask whether they had the criteria to make the application. If that were the case, my figures would be right and his figures would be wrong. It is an argument that we could go to and fro with, which in the end would mean absolutely nothing.

Mr. Bill Olner (in the Chair): Order. We will not go through that argument in the debate today.

John Robertson: I apologise, Mr. Olner, and will continue with my figures.

In Northern Ireland 248 prisoners have to date been released under the Good Friday agreement. Of those, 78 were convicted of murder, 76 received life sentences and two were detained at the pleasure of the Secretary of State. None was held solely on a discretionary life sentence, and eight were serving sentences for offences that they had committed in England. I wonder who talked to the victims' families about why those people should be released.

Could what I am concerned about happen more often? The Prison Reform Trust warns that the number of prisoners over the age of 60 tripled between 1996 and 2008, to make up about 4,000 of the 84,150 people in prison in England and Wales. The trust states that that is due to harsher sentencing, and to DNA testing enabling convictions to be obtained years after crimes. Well, well. Now we are complaining about how many people are to be sentenced for crimes. I do not have a problem with 84,150 people being in prison. If they have been convicted of crimes they should be in prison. If we must build more prisons I do not have a problem with that.

We talked about the al-Megrahi case, but I shall pass over it as I know, Mr. Olner, that you do not like us to talk about it; it does not really matter.

Mr. Bill Olner (in the Chair): Order. It is not a matter of my not wanting to hear the case discussed; I said only that it should be put in perspective. It was not in the jurisdiction of this Parliament, and the Scottish Executive made the decision.

John Robertson: I apologise, Mr. Olner. I was totally in error in what I said, but people will get the gist of what I am trying to say.

A constituent of mine has a daughter who is in prison abroad, who is not, unfortunately, being dealt with using the same criteria as we use in this country. She has been convicted on the ground not of having committed a crime, but of being associated with the person who committed a crime. We have seen how in this country—I am referring to the al-Megrahi case because it is the one that has had all the coverage—someone receives the best of attention and help from solicitors and advocates, and generally from the Scottish judicial system. It would have been the same if the crime had been committed in England or Wales. Unfortunately, I cannot get the same treatment for the daughter of my constituent, who is in prison in the Dominican Republic.

We must look at such things in the round. We are in effect releasing people who have committed murder—in one case 270 murders—but my constituent's daughter is guilty only by association. I say that not because I know the judicial system in the Dominican Republic but because it was written on the court record when she was sentenced to eight years. I do not think that is fair, but we are more than a little fair to people in this country—we allow them to be released if they are not well and are going to die.

I worry that if, as the Prison Reform Trust has said, more and more people are living longer and getting to an age where they have no quality of life, we shall allow them to go free. If my wife had been in the aeroplane in question and had been killed I should be very unhappy if a prisoner were to be released because he was going to die in a certain space of time, and was in effect to be given some luxury and help. We saw the television scenes when Mr. al-Megrahi arrived in Libya, and that was probably what got the Scottish public going. I do not think that it was really the fact that he was let loose; it was more to do with the way it was portrayed in the media. It was a disgraceful situation, and we need to examine that.

I have said what I wanted to say. It is important that Members of Parliament should understand what is going on. I agree to some extent with my hon. Friend the Member for Broxtowe that we must consider the question of who makes the decisions. He seemed to think that judges could do it, but the judges are the problem in some cases, not the solution. I hope that I do not come before one now that I have said that, but I have never had great faith in our judicial system, and what I have seen recently backs up my feelings. I do not think that the decision should be down to one individual. Kenny MacAskill has been vilified, rightly or wrongly, depending on what side of the political divide we are on. He had to make the decision, but it was not fair that he should do so. There must be a better way to ensure that victims' families are listened to, and are part of the process. If someone has been found guilty and granted an appeal, and is still found guilty, I believe that he probably is guilty. If his case goes to another appeal we should not drag it out, but should allow it to happen quickly. Perhaps that was the problem with the al-Megrahi case. If the second appeal had happened more quickly perhaps we would not be having this debate.

I thank my hon. Friend the Member for Broxtowe for securing the debate, and I thank you for your indulgence, Mr. Olner.

11.45 am

Mr. Alistair Carmichael (Orkney and Shetland) (LD): I commend the hon. Member for Broxtowe (Dr. Palmer) for bringing the debate, and for the way he framed its terms. Some massive issues are involved. People who have spent their whole lives as jurists have struggled with the question of the purpose of the criminal justice system, so to expect a handful of MPs to come up with the answer after a 90-minute debate is a tall order; but it is a worthy debate, none the less.

The matter is of some public interest at the moment, as a consequence of the decision to release Abdelbaset al-Megrahi and, earlier in the year, Ronnie Biggs. We can tease issues from those cases that are of broader application and might assist us in establishing the criteria that the hon. Member for Broxtowe rightly said were needed. I shall from time to time refer to those cases, but in a way that I hope does not fall foul of your earlier stricture, Mr. Olner. It is helpful to take lessons from the practical for more general application.

The debate is timely because the consequence of the Biggs and al-Megrahi cases is that there is now a lively public debate. It is of supreme importance that there should be public confidence in the justice system. The maintenance and restoration of public confidence requires a clear set of guidelines—protocol, perhaps—for Ministers to apply when considering such cases. It also requires that any such guidelines and protocols should be put in the public domain. It is important that the public should see that there is a robust procedure that balances the often competing and occasionally contradictory interests that the Minister must take into account when making the relevant decisions. The public should have confidence that that is done in a proper manner.

When I intervened on the hon. Member for Broxtowe to say that the purpose of justice is to effect reconciliation, I should have explained a little more. That purpose is the nirvana, which we may never reach, but we should still have it very much in mind when we approach the entire subject. It is not relevant just in questions of early release. The interest of the victims, about which the hon. Member for Glasgow, North-West (John Robertson) spoke, should be uppermost for every party in the criminal justice system, whether police, prosecutor, Minister, defence solicitor or advocate, or even the prison authorities.

We are not concerned only about difficult early release cases; there are many routine early release cases. We do not, in any jurisdiction in this country, impose life without parole. Therefore we accept in principle that no matter what a person has done, at some point the day can come when someone will turn the key in the door and they will walk free.

As a former criminal justice practitioner, my concern is that we do not deal well with the victims, whose interests are not always easy to identify and certainly not easy to pursue. We should not—I offer this as a gentle stricture to the hon. Member for Glasgow, North-West—confuse pursuing victims' interests with giving victims everything that they want. The symbol of justice is the set of scales held up by Justicia, and she is blindfolded because justice, we are told, is blind. That is

[Mr. Alistair Carmichael]

an important metaphor for us to bear in mind, because justice often requires us not fully to meet the different competing interests.

Dr. Palmer: The issue is complicated enough, but does the hon. Gentleman agree that there is also the possibility of collective reconciliation, as we have seen in Northern Ireland? The figures that my hon. Friend the Member for Glasgow, North-West gave for the number of convicted murderers who have been released in Northern Ireland would be pretty unthinkable had it not been for the Northern Ireland peace process. There will be situations where a collective decision is made to move forward, and the victims might have greater understanding for the releases that take place than they would if an individual murderer were released.

Mr. Carmichael: The question of collective reconciliation is very interesting and runs to the heart of much of what criminal justice is about. However, we can achieve collective reconciliation only if the public have confidence in the criminal justice system. For whatever reason—there is no single reason, but a whole amalgam of them—too many of our constituents do not have confidence in the system as it operates today.

The hon. Member for Broxtowe outlined a number of criteria, and I want briefly to explore a few of them. One was the possibility of recall, which is important. With respect to the hon. Member for Perth and North Perthshire (Pete Wishart), the issue was not fully taken into account in the decision on Abdelbaset al-Megrahi. If any of the outlandish possibilities that have been discussed ever became a reality, that man would be completely outwith the jurisdiction of the Scottish Justice Minister. One option that could have been considered, and which should perhaps have been considered with more care and force, was release, but not release from Scotland. That is important because we are talking about release from prison, not the end of the criminal justice process, and that is as true for people who are released on compassionate grounds as it is for those who are released on licence in the normal course of things—it is not the end of the story, as the hon. Member for Broxtowe said.

Pete Wishart: I am interested in the hon. Gentleman's comment about someone from a third-party country remaining in the home country. Is he aware that in response to the suggestion that al-Megrahi could have been placed in a hospice or in his former home at Newton Mearns, the deputy chief constable of Strathclyde police said that the burden on the police would have been disproportionate and that 48 police officers would have been required just to police that one man in that one setting?

Mr. Carmichael: Again, we are in the realms of competing interests. Many people might feel that would have been a price worth paying, given the damage to Scotland's reputation when people saw flags flying on the tarmac in Libya when al-Megrahi was returned. Although the people we are talking about should be released from prison, it is important that there is no question of their being at the end of their involvement with the criminal justice system.

The hon. Member for Broxtowe suggested that the gravity of the offence and the length of time that has been served should be taken into account. Although those are clearly considerations, I must gently tell him that I am not persuaded that they should be primary considerations. I come back to the first principle that I elucidated—that we accept that everybody who is to be imprisoned can be released at some point. Our focus should be on the substance of the application for early release. As the hon. Gentleman suggested, we should consider whether we have robust, independently obtained medical evidence about the prisoner's condition. Thereafter, we should consider how we give effect to any decision, while respecting the feelings of the victims and families.

Dr. Palmer: Just to test what the hon. Gentleman has said, does he agree that the length of sentence is pretty important, certainly in extreme cases? Let us imagine that I was suffering from terminal cancer and assassinated Mr. Olner. If I then applied for immediate release on compassionate grounds, would there not be something a bit inappropriate about it?

Mr. Carmichael: The assassination of our Chairman would certainly be a lot more than inappropriate. Evidence that pre-existing illness was a determining factor in the commission of the crime and, in fact, part of the mens rea would be a highly relevant consideration. However, I come back to the point that we cannot go beyond the general principle.

My other point, to return to something that I said earlier, is that it is not just the decision that is important, but how we reach it. My concern about the al-Megrahi decision is that it has left a significant number of the Lockerbie families feeling more alienated than ever from the justice system. In that sense, the decision is regrettable. I have many friends in Lockerbie. In fact, I have friends who were living in a house on Sherwood crescent when Pan Am flight 103 came down. It had a severe impact on their lives, the lives of their children and the lives of people in the surrounding area. Many of the victims have been left feeling alienated.

My concern, which I would like to be central in any protocol that is constructed, is that the decisions that we are discussing, being quasi-judicial, should be taken in a quasi-judicial way, by which I mean that they should be taken beyond the public gaze. Judges do not send out press officers to address the press when they make their decisions. We do not see pictures of judges' cars going into Barlinnie prison when judges go to interview prisoners. It was wrong and inappropriate that others should have done such things. If the Minister is to construct a protocol, that is the sort of thing that she should be at pains to exclude. Such exclusions are necessary here and in Edinburgh to restore public confidence in our system.

11.58 am

Mr. David Burrowes (Enfield, Southgate) (Con): It is a pleasure to take part in this timely debate. I congratulate the hon. Member for Broxtowe (Dr. Palmer) on introducing this issue, which it is important for Parliament to deal with. I also congratulate him on not being unduly drawn into the high-profile al-Megrahi case, which is plainly not within the jurisdiction of this Parliament or the Government.

It is important to focus, as the hon. Gentleman did, on early release on compassionate grounds, and that is what I shall do.

[MR. ERIC ILLSLEY *in the Chair*]

Given the title of the debate, however, it is important to make some general comments about Government policy on prisoner release, which needs to be criticised. It is important, although it has not yet been done, to clarify the position in relation to release on compassionate grounds, because that can easily be distorted in debate, although I do not accuse the hon. Member for Broxtowe of doing so. However, because it often comes to light in the public domain in relation to high-profile cases, whether Ronnie Biggs or, in another jurisdiction, al-Megrahi, it is easy to lose sight of the reality.

We have already heard that 48 prisoners have been released on compassionate grounds over five years, and that only 28 per cent. of applications have been granted. As for the timing of those releases, I understand that those prisoners who are terminally ill are likely to be released with no more than a day or two to live, unlike those high-profile cases of which we heard. We should recognise that the context is important.

Compassion was mentioned throughout the debate, and it is a key element of the criminal justice system. However, it is important that it is applied properly, given the other factors and principles of the system that need to be taken into account. We must also consider the fact that the concerns of administration and cost can in many ways replace that important principle. In the debate arising from the high-profile cases, one concern is that many of those 48 prisoners were released ultimately for the benefit of administration, given the cost of keeping them in prison with a terminal illness, as opposed to the cost of their being released and dying in a hospice or somewhere else with their families, a factor that the hon. Member for Broxtowe prayed in aid. It is important to know whether those decisions were based primarily on compassion.

We must also consider the criteria that are used. The hon. Gentleman sought to submit new criteria, but the present criteria seem to be little different. I shall briefly go through the criteria in Prison Service Order 6000, to which reference has already been made. It outlines the circumstances in which, in cases where the prisoner is terminally ill, bedridden or severely incapacitated, early release on compassionate grounds may be appropriate. In instances of terminal illness, there are no specified time scales, something to which the hon. Gentleman referred, but the PSO suggests that release may be appropriate where life expectancy is three months or less. It specifically states:

"Early release may be considered where a prisoner is suffering from a terminal illness and death is likely to occur soon. There are no set time limits, but three months may be considered to be an appropriate period. It is therefore essential to try to obtain a clear medical opinion on the likely life expectancy."

I note the hon. Gentleman's reference to the fact that there should be two opinions; will the Minister confirm whether, to accord with the PSO guidelines, such a medical opinion would require two medical reports?

The PSO continues:

"The Secretary of State will also need to be satisfied that the risk of re-offending is past and that there are adequate arrangements for the prisoner's care and treatment outside prison. Early release may also be considered where the prisoner is bedridden or severely incapacitated. This might include those confined to wheelchairs, paralysed or severe stroke victims. Applications may also be considered if further imprisonment would endanger the prisoner's life or reduce his or her life expectancy. Conditions which are self-induced, for example following a hunger strike, would not normally qualify a prisoner for release."

Further detailed criteria are given in the appendix to the PSO. Reference is made to various factors, including the prisoner's health, the benefits or hardships to him and his family, the risk of reoffending, the length of the sentence remaining—a point that was made during the debate—and any remarks made by the trial judge.

Another factor mentioned by the hon. Member for Broxtowe and by others is the views of the victim of the crime for which the prisoner is serving a sentence. However, the criteria make no specific reference to that factor. The Minister may wish to comment on that aspect of the criteria, which it could be argued is missing, and say whether it should be included.

Dr. Palmer: Would the hon. Gentleman agree with my hon. Friend the Member for North-West Leicestershire (David Taylor) that it is important that the victims are informed at least that the process is under way? It does not always happen, with the result that those who might be perceived as a threat by the victim, regardless of whether it is an accurate perception, are released at what the victim will see as fairly short notice.

Mr. Burrowes: That is a good point, particularly in connection with early release on compassionate grounds.

In relation to the Parole Board's consideration of such matters, I understand that a protocol was published last month specifically to clarify victim participation in hearings. The victims can thus be clear about their expectations, knowing that their voice can be heard through statements to be considered by the panel. It also clarifies their ability to apply to attend and present their statement in person. The protocol is welcome; it has been a long time coming, but it clarifies matters and provides a greater opportunity for the victim's voice to be heard. So far, whether in parole hearings or elsewhere in the criminal justice system, the victim's voice has not been heard properly; indeed, they are often the last to hear information that they should be the first to hear. That needs to change, so the protocol is welcome.

My party has yet to be convinced that change is needed. We recognise the significant role of the Parole Board, and it is important that its recommendations are respected. However, in exceptional cases—those that involve the most serious of crimes—the Secretary of State should have discretion, and there should be proper accountability so that he can make difficult decisions on individual cases. I disagree with the hon. Member for Broxtowe on the question of equating decisions by the National Institute for Health and Clinical Excellence on health matters with those that involve serious crime. It is surely for the Secretary of State to take the onerous decision on whether to release someone early.

Dr. Palmer: Does the hon. Gentleman accept that the parallel that I made was not between general sickness and crime, but between the political process that we all accept is associated with jockeying for position, point

[Dr. Palmer]

scoring and so on, and the rational process that we hope is made in all such situations? Does he not agree that the furore about the Megrahi case was slightly unedifying, and that few felt that the outcome was entirely unrelated to political considerations?

Mr. Burrowes: I hear the point that is being made—that we can characterise the political process as jockeying and point scoring. It does happen, but one cannot apply that caricature wholly to political decisions made about release on compassionate grounds. I agree that such things must be dealt with in a clear and rational manner. I would want to scrutinise those decisions to ensure that they had been made rationally and clearly, particularly in high-profile cases, and not as a result of pressure from the media. They should be decided on the compassionate grounds and the other factors given in the PSO. However, as I said earlier, I do not wish to be drawn into the al-Megrahi case, as it does not come within the provenance of this debate.

The Secretary of State's decisions and the principles behind them must be governed and prescribed by case law, including recent judgments by the House of Lords and by the European Court of Human Rights, which restrict his decisions to being proportional, reasonable and fair. Therefore, taking all those factors into account, I suggest that the discretion of the Secretary of State should remain. However, it must be applied properly in all cases—high profile or not.

I wish to make some more general comments about the issue of prisoner release in relation to Government policy on prisons. I am sure that we all agree that when a decision is made to release a prisoner, public safety must be the primary consideration. However, prison overcrowding has reached a crisis point. The number of prisoners has reached an all-time high of 84,702, which is an increase of 25,000 since 1997, and is a problem of the Government's own making. Prison releases, beyond the specific case of compassionate release, are too often motivated by consideration of prison capacity, rather than a prisoner's capacity not to reoffend. As I said in my opening comments, it is important that we do not simply deal with principles of administration, cost and capacity and lose sight of the principles of compassion and, more fundamentally, of justice. Concern was also expressed about prisoners being released early without the victims knowing about it, which leads to a loss of confidence in the whole system.

It is important that we restore honesty to sentencing and that offenders are properly punished for their crimes. Moreover, sentencing must be properly understandable, both to the victims and to the public, and must ensure that reparation and rehabilitation take place properly as well as fulfilling the important need for the prisoner to serve their crime. The Labour Government's failure properly to plan and provide sufficient prison places has forced them into a policy of releasing prisoners early and inappropriately. If we look at the current estate, which is at about 112 per cent. of capacity, with some prisons at as much as 150 per cent., with 25 per cent. of prisoners doubled or trebled up in cells, we can see that decisions are increasingly based on capacity and administration rather than on justice.

Under the Criminal Justice Act 2003, we have seen an estimated 20,000 prisoners released automatically halfway through their sentence. Some 70,000 prisoners have been released early on home detention curfews, 4,000 of whom have gone on to reoffend. In the press, we have seen magistrates' concerns about short sentences. Someone in Essex could be sentenced to 42 days on a Friday, but after the sentence is automatically halved with the provisions for home detention curfew and the problems of housing a prisoner over a weekend, they end up being released, turned round and given a grant for good measure, which undermines the confidence of both the magistrates and the public.

John Robertson: I hear what the hon. Gentleman says, and I do not necessarily disagree with him, but such a problem has happened to successive Governments. Is it not a fact that we are convicting more people because we are catching them? Nowadays with the use of DNA testing, it is easier to catch people. Is the hon. Gentleman against that? Does he feel that people who are convicted should go to prison or be let out?

Mr. Burrowes: As time is running short, I do not want to get into a long debate about the Government's policy in relation to DNA and such like. There are more prisoners on the imprisonment for public protection level who are serving sentences, thus putting pressure on the estate. The Government could have planned for that. The Prime Minister was given the information back in 2002 and could have signed the cheque for more prison places. He took the decision not to do so, and now we are all regretting it.

Finally, let me briefly mention the Parole Board, which has not been given enough attention in this debate. It plays a key role, but it, too, has suffered from the Government's failed policy on prisons. Capacity challenges affect it, and as a result, its case load has almost doubled since 2002. In March, the National Audit Office reported problems of hearings being delayed and prisoner risk assessments arriving late. It is important to take note of the concerns of the Parole Board's chief executive. The board has been concerned for some time about the timing and quality of the information on which it has to base its decisions and about the rate of deferrals in some cases.

As the Parole Board makes important decisions on prisoner releases, it must have the proper information. As I mentioned earlier, it is important, too, to inform the victims and involve them in appropriate representations, so we must address the issue of capacity. We must ensure that we have enough prison places to deal with those who commit crime. It is important to have honesty in sentencing and a system of minimum and maximum sentencing. The courts must know the minimum time that will be served up to the maximum time, and the effect of earned release with appropriate conditions. We must ensure that prison governors have the powers to make those initial decisions on prisoner suitability for earned release. Finally, we want to see prisons that have the purpose of real work and rehabilitation so that prisoners are ready to lead constructive, law-abiding lives and not reoffend. It is important that when prisoners are released, they have not been set up to fail so that they end up coming back, having created more victims of crime.

12.15 pm

The Minister of State, Ministry of Justice (Maria Eagle): I congratulate my hon. Friend the Member for Broxtowe (Dr. Palmer) on securing this important debate. He said at the beginning of his remarks that it was an experimental debate. His own speech was extremely thoughtful and non-partisan, which is what he said he wanted the debate to be. I have listened with interest to the contributions from hon. Members. It comes as no surprise that there are strong views about early release of whatever kind. As various hon. Members have said, there have been some controversial cases recently in various jurisdictions of early release on compassionate grounds, which led people to consider the issue of when and under what circumstances that should be done. My hon. Friend discovered as much when he consulted his own constituents and set out his suggestions for criteria upon which such releases should be made.

Let me assist the Chamber by explaining the legislation under which prisoners may be released on compassionate grounds. The hon. Member for Enfield, Southgate (Mr. Burrowes), in the less partisan first half of his speech, which I enjoyed a great deal—I did not think much of the second half of his speech—said that there is a Prison Service Order and that there are criteria, which is correct. There is also legislation. It might help the debate if I set out what that is. My remarks relate purely and simply to the jurisdiction for which I speak, which is England and Wales, but not Scotland. There are some similarities with the rules and practice in Scotland, but they are not identical and I do not purport to speak for the Scottish Justice Minister in any way.

Moreover, I will address some of the points that have been made and describe how the power has been used in practice. As a general principle, it is right that there should be a power to enable the release of certain prisoners in the most exceptional and compassionate circumstances, such as if a prisoner is about to die. A number of Members have read out the existing criteria. It should be possible for that person to be released early to be with his family and to receive the appropriate care at home or in a hospital or hospice during his final days. In practice, that often relates to removing the handcuffs and taking away the guards from the hospital room in which the individual is going through the final part of his life. That is what that kind of release often means. The statutory authority itself is broad and simply provides that the Secretary of State may, at any time, release a prisoner on licence if he is satisfied that exceptional circumstances exist that justify the prisoner's release on compassionate grounds. However, for prisoners serving a determinate sentence, the power is contained in the Criminal Justice Act 1991 or in the Criminal Justice Act 2003, depending on the dates of their offences and which of those Acts govern their release. For prisoners serving life or other indeterminate sentences, the power is provided by section 30 of the Crime (Sentences) Act 1997. I can assure hon. Members that a great deal of care is taken with every application for compassionate release. However, the primary consideration is, and will always be—and this comes on to the point that my hon. Friend the Member for Broxtowe made about the criteria—that it will not put the public at risk.

The authority in this area is conferred on the Secretary of State by Parliament, and therefore it is the Secretary of State who determines the policy and criteria that should be adopted as to how they will exercise that power in practice. There has been a bit of a debate about whether or not politicians should do that; there has been a suggestion that it might be better if judges did it, but there has been some disagreement with that suggestion. I do not think that there is any obvious or easy answer. However, on the question of specific prisoner releases on compassionate grounds, which are sometimes controversial, as the debate today has indicated, there is an argument that the Secretary of State, who is accountable to the House and responsible for taking these decisions, should do so in a quasi-judicial way.

Generally, that system has worked well, although I accept the points that my hon. Friend the Member for Broxtowe has made about the recent controversial cases. Most releases on compassionate grounds are not as controversial as those recent cases that have appeared in the newspapers. Of course, such releases can be upsetting to victims, which was the point that my hon. Friend the Member for Glasgow, North-West (John Robertson) made. Even release at the end of sentence, which is not made on compassionate grounds, can be very difficult, both for victims who have suffered at the hands of particular individuals and for those victims' families. I agree with the hon. Member for Orkney and Shetland (Mr. Carmichael) that, although the views and sensitivities of victims must be taken into account and must be in the mix, they cannot be an overriding consideration.

Dr. Palmer: I am very grateful to my hon. Friend the Minister for her thoughtful response to the debate. On the issue of reoffending, one problem, which was not raised with me during my preparation for this debate, is that people released on compassionate grounds commonly go on to commit other offences. Does she agree that, in practice, it is very rare that such reoffending happens, because we are talking about people who are probably staying in hospital or who are too ill even to contemplate carrying out other offences?

Maria Eagle: My hon. Friend is right. I think that the existing criteria are applied properly, and I know that a great deal of care is taken to ensure that they are being properly applied in our jurisdiction. Many applications that are made for release on compassionate grounds do not meet the criteria sufficiently and are not granted; only 28 per cent. of such applications are granted in England and Wales. Furthermore, prisoners who are released on compassionate grounds go on to die; that is what they go on to do, generally. So, as I have said, my hon. Friend is correct.

There is a further back-up, to which the hon. Member for Orkney and Shetland made reference. Even when prisoners are released on compassionate grounds, they are released on licence, so that if there is any subsequent doubt or concern about them they can be recalled. To respond to a point made by my hon. Friend the Member for Broxtowe, they cannot be recalled if their medical condition improves suddenly; that is not a reason for recall. In practice, however, that does not occur in respect of this type of cases; it has certainly not occurred in the past few years. Nevertheless, if such prisoners present any risk to the public or if it starts to become clear that they are doing some of the things that my hon. Friend suggested as examples of what they might do—plotting a revenge killing, or harassing a victim—they

[Maria Eagle]

can be recalled. There is absolutely no reason why, in those circumstances, they cannot be recalled to prison, because they are out on licence.

Reference has already been made to the strict criteria that we have adopted in medical cases. In such cases, the criteria are that the prisoner is suffering from a terminal illness and that death is likely to occur soon, which is normally taken to be within three months, although, in respect of the cases that I have dealt with in the Department, death is likely to be much sooner than that. Alternatively, the prisoner is bedridden or severely incapacitated, for example by a severe stroke.

For prisoners serving a determinate sentence, the policy allows for compassionate release where there are tragic family circumstances. In practice, however, such a release hardly ever happens. Only 10 per cent. of applications for release on compassionate grounds are made on the basis of tragic family circumstances. Release in those circumstances would be granted only in extremely rare situations, which do not apply in the type of cases that we have been discussing. Furthermore, the Secretary of State would have to be satisfied that any such release would not put the public at risk.

Prisoners serving an indeterminate sentence may be released on compassionate grounds only for medical reasons. They may not be released for tragic family reasons. For such prisoners, in addition to meeting the criteria of being terminally ill, bedridden or incapacitated, it is also necessary to establish that the risk of their reoffending is minimal, that there are adequate arrangements for their care and treatment outside prison and that their early release will bring some significant benefit to themselves or to their family. The figures for recent years for such releases were correctly referred to by my hon. Friend the Member for Glasgow, North-West in his remarks.

For prisoners serving an indeterminate sentence, the Secretary of State is required by the relevant legislation to consult the Parole Board, unless circumstances make that impractical. The Parole Board is usually asked to provide a risk assessment before the Secretary of State makes a decision on release. That assessment will be taken into account, along with all the other relevant material and reports from medical practitioners, and from prison and probation staff.

There has been some discussion today about whether or not one doctor's opinion is enough. It is usually the treating physician, who is in a good position to know what the situation is, who gives an opinion. In addition, there are often prison physicians, as well as physicians from outside the prison who give an opinion. Without conducting some kind of investigation, I could not tell my hon. Friend the Member for Broxtowe whether one or two medical opinions are usually given, but my suspicion is that usually more than one opinion is given; the report that is issued is usually the product of more than one doctor's opinion. Having said that, however, the opinion of more than one doctor is not required under the existing criteria.

There are also general principles that must be satisfied by any application for release on compassionate grounds. No prisoner may be released early if that would put the public at risk. Furthermore, a decision to release would not normally be made on the basis of facts of which the sentencing court was aware at the time of sentencing. There has to be a development after sentencing that leads to a subsequent illness. If the sentencing court was aware of a person's medical condition, it is fair to assume that that condition was taken into account in the original sentencing. Therefore, that condition is not something that can be considered later, by way of some type of pseudo-appeal to the Secretary of State.

I therefore say to my hon. Friend the Member for Broxtowe that there are criteria that must be met for release on compassionate grounds. It may be the case that they are not generally known to the public; there is certainly some truth to that. It may well be that, in the party political furore and game that occasionally accompanies one or two of these types of decisions, the criteria upon which the relevant Justice Minister makes their decision are not at the forefront of the headlines that one reads in the ravenous media that report these things. However, that is not to say that Justice Ministers in whatever jurisdiction they are responsible for do not follow those criteria very carefully. The hon. Member for Enfield, Southgate said very clearly—and I agree with him—that there are other arrangements that bind the decisions that Ministers make, which are there to check that Ministers are making those decisions in a rational way and according to the criteria that are set out and according to the statute as it is set out. Of course, those decisions, like any other decision that a Minister makes, are bound by those general considerations of rationality and fairness.

Generally speaking, we have had an excellent debate. I do not know if my hon. Friend the Member for Broxtowe considers that his experiment with regard to this debate has succeeded. Nevertheless, I think that all the criteria that he has set out for considering release on compassionate grounds have something to be said for them. Some of them are already part of the current criteria that must be met for compassionate release. I think that those criteria can be established if anyone seeks to do so. Individual cases are assessed according to those criteria, and in my experience those criteria are assessed very carefully and on a case-by-case basis; there can be no general arrangement that would meet all situations.

I shall end by expressing some regret about the contribution by the hon. Member for Perth and North Perthshire (Pete Wishart), which I thought was an unfortunate and partisan rant that sought to score political points. It did not really succeed in its aim, because my impression, as I sat and listened to it, was that he was protesting a little bit too much. He is not himself the Justice Minister of Scotland. It is my observation that Mr. MacAskill, who is the Justice Minister of Scotland, made it clear that he made the decision about al-Megrahi himself and did so alone. Mr. MacAskill can defend himself, and has done so in the relevant parts of his jurisdiction where he needs to do so—in the Scottish Parliament and in the court of Scottish public opinion. Mr. MacAskill hardly needs what I consider to be the somewhat dubious assistance of the hon. Member for Perth and North Perthshire, which, on the basis of his speech today, has not exactly been helpful to Mr. MacAskill's cause.

Mental Health Services (New Forest)

12.30 pm

Dr. Julian Lewis (New Forest, East) (Con): Speaking in debates in the House of Commons is always a slightly tense occupation, but Westminster Hall is normally a more relaxed environment. Today, however, for the first time in Westminster Hall, I feel nervous. I know that on the outcome of this debate depends the future and fate of some of the most vulnerable members of my community.

I am pleased that my colleagues, my hon. Friends the Members for New Forest, West (Mr. Swayne) and for Bromsbourne (Mr. Walker), both of whom have an interest in the subject of mental health, have taken the unusual step of coming along to such a short debate. It is a measure of the concern felt in the community about the closure—allegedly a temporary one, for four months—of a psychiatric intensive care unit, or PICU, at Woodhaven hospital in my constituency.

This is not the first time I have operated outside my comfort zone of defence and security concerns. Back in 1997, when I was a brand-new Member of the House, I came second in the private Member's Bill ballot. We all know what happened to the person who came first: he chose the important subject of banning fox hunting, a decision with which I happen to disagree. On the Friday when that important Bill was debated, the Chamber was packed. A week or two later came my Bill, the Mental Health (Amendment) Bill, to improve conditions for people suffering catastrophic mental breakdown and needing a safe and secure in-patient environment in which to recover. Needless to say, because the debate concerned desperately ill people rather than foxes, attendance was down to the usual dozen or two hon. Members.

One person who gave me invaluable support in preparing for that debate, which involved an issue in which I have no specialist expertise, was Dr. Adrian Yonace, an independent consultant psychiatrist and fellow of the Royal College of Psychiatrists. Since then, he has become a personal friend. He is well acquainted with Woodhaven, the marvellous modern mental hospital built and opened in my constituency, much to my delight, only five years ago.

Woodhaven has two wards: a 24-bed acute ward, containing a mixture of people who have voluntarily admitted themselves and people who have been sectioned; and a six-bed PICU where the most seriously ill, difficult and challenging people are confined in a locked and regimented environment. Dr. Yonace describes Woodhaven as an excellent local psychiatric service, with a PICU alongside the acute ward so there is always the potential for interchange between the two units. I will have more to say about that later if I have time.

Dr. Yonace says that the closure of the psychiatric intensive care unit will put great pressure on other PICUs, which are already bulging at the seams. He describes the intensive care ward team under Dr. Guy Powell as widely known for its excellence in the care of the most acutely mentally ill, particularly helping those who live in close proximity and their relatives.

Mr. Desmond Swayne (New Forest, West) (Con): My hon. Friend will know that mental illness is no respecter of parliamentary divisions and that the unit serves my constituents as well as his. I hope that the NHS trust does not underestimate the huge anxiety being caused to relatives who know the needs of the loved ones who habitually come and go from the units.

Dr. Lewis: That point about the revolving-door nature of the service offered is crucial; I thank my hon. Friend for making it. I was about to say that Dr. Yonace describes the closure of Ellingham ward as a potentially catastrophic development if it becomes permanent and the great team that runs it is broken up. That is not some politician sounding off; that is an extremely senior professional who is intimately personally acquainted with the hospital concerned.

The people who run the Hampshire Partnership NHS Foundation Trust—these organisations are customarily honoured with such short and snappy titles—are not monsters. They are dedicated and civilised people. I have spent time with Mr. Nick Yeo, the chief executive, and I find him an empathetic character. What he says relates not only to the Ellingham ward closure but to the potential closure of a place called Crowlin house, again in my constituency. Indeed, I believe I was involved in the opening ceremony only eight years ago. It is another effectively brand-new establishment.

Crowlin house has had a reprieve for the moment, but Mr. Yeo says that places such as Crowlin house were opened initially to process people from the old long-stay mental hospitals that closed in the 1960s and 1970s. I find that hard to understand, as there is rather a long gap between the closure of those hospitals and the opening of Crowlin house as a halfway house in the community in 2000, but the idea is that such units are meant to look after people who are, hopefully, in transition back to society but who have been institutionalised by having been too long in in-patient facilities.

Mr. Yeo says that it is not the intention or the objective that people should stay in PICUs for very long. He says that the national guideline for the average stay is 26 days, and that people have been staying as long as 40 days, or even 90 in a couple of cases. Mr. Yeo has considered the overall figures for the four PICUs in the trust. The unit at Basingstoke has eight beds, the unit at Southampton has nine, ours at Woodhaven has six and one at Havant has eight. That makes 31 beds in all.

Mr. Charles Walker (Bromsbourne) (Con): My hon. Friend makes a good point. We do not want to lock people away in institutions. However, there will always be a need for acute beds. The problem is that if we get rid of acute beds, the threshold for admission rises, and all too often very sick people are left out in the community, which is not in a position to support them.

Dr. Lewis: Indeed. It is supposed to be the case that people from PICUs are not discharged except to another ward. After intensive care, they should be discharged to an acute ward and then, hopefully, back into society, perhaps via some sort of halfway house. If they do not get better, they should go to a low or medium-secure unit for a long-term stay.

The problem is that although there is a guideline of 26 days and the trust therefore proposes to get by with 25 PICU beds rather than 31 by losing the six at Woodhaven, the fact is that there is a long waiting list

[Dr. Julian Lewis]

for the low-secure unit at Southfields, in my constituency, which has 18 beds, and people cannot be shifted in the way that theory dictates. That is why Dr. Yonace said that the system is bulging at the seams.

I have been contacted by Rethink, which used to be called the National Schizophrenia Fellowship. It is concerned that during the recession, mental health services will come under much greater strain:

"Rethink expects that different elements of the current crisis—home repossession, debt and unemployment—will all take their toll."

It is concerned because:

"Users of Rethink services appear to be experiencing greater financial difficulties and associated stress, which can trigger relapses".

Another concern is that:

"Mental health services in general face increased caseloads as a result of individuals experiencing mental health problems triggered or worsened by straitened economic circumstances".

I have spoken to professionals from Ellingham ward and Crowlin house, and to the relatives of people who have used those services. Crowlin house, which has had a temporary reprieve, is a small unit in my constituency where people with long-term problems are held in a kind of halfway house in the community with round-the-clock support. I have been told that such places are not just for a transitory group, but are vital in caring for people at different points on a spectrum that extends from the most grievously and dangerously ill, through those who can go to acute wards, to those who are not ready to go back home but who need an environment that will help them to reintegrate into the community.

As my hon. Friend the Member for Broxbourne said, no matter how far care in the community is taken, there will always be some people who need in-patient care or at least to be surrounded constantly by specialised support. Outreach teams usually visit somebody at home twice a week for 30 minutes. When a person at home is seriously ill, the teams visit them once a day for 30 minutes. That means that the person has 23.5 hours of every day in which to cope by themselves.

When Ellingham ward was closed temporarily, there were five people for the six beds. One of the patients went straight home. He was ready for an acute ward but a bed could not be found, so, reluctantly, he was allowed to go home. Winsor ward, the 24-bed acute ward in Woodhaven, was chock-a-block. The second patient went to another PICU in Basingstoke. His parents live locally and are worried about the distance and disruption. The third patient, who also went to Basingstoke, was so distressed that he had to be manhandled to the car. His normal home is in the west of the New Forest and his elderly mother now has no way of seeing him unless the trust arranges it. The fourth patient went to Havant and the fifth to Southampton. There are lulls in the occupation of beds, but it is not true that there are always several empty beds among the 31 PICU beds in the area. This jewelled operation in our community is being smashed.

The PICU in Woodhaven was closed to new admissions on Tuesday 6 October, although some patients were still there. By Friday 9 October, the PICU network in the trust was completely full. All acute beds in the trust were taken up and the system was in crisis. At 6 pm on the Friday, a patient on Winsor ward—the acute ward—became very disturbed and had to be found a PICU bed. None were free, so Ellingham ward's admissions policy had to be reversed so that the patient could be admitted. If that had happened a week later, the situation would have been impossible.

Any bed that is freed up by somebody going to the PICU enables somebody in the community who is in serious need of a bed on the acute ward to have it. I said earlier that I would refer to such interchange. When a crisis emerged in the acute ward, the staff and capacity of the PICU were available to meet it. The reverse is true: when someone was ready to come out of the PICU, but not ready to go home, they could go straight into the adjacent acute ward. However, even the future of the acute ward is under threat, because who can say what will happen to it when it is a small stand-alone hospital, albeit a brand new one?

On the night when the Ellingham ward PICU was closed and everyone was shifted out, there was only one free acute bed and one free PICU bed in the trust's institutions, hospitals and organisations. That was at the start of the weekend, when admissions are usually higher. A small, windowless meeting room on Winsor ward has been used recently to accommodate patients on a put-you-up bed. In the two weeks since Ellingham ward was closed, that box room with no toilet or wash basin has been in constant use.

Helen Barnett, whose brother was one of the five patients who were forced to leave Ellingham ward, has met me and written to me. She has given me permission to mention the case. She wrote that her brother was

"a patient on Ellingham Ward at Woodhaven Hospital until…he was suddenly transferred to…Royal South Hants Hospital."

She was

"horrified to read of the proposed closure of Ellingham Ward due to the under-utilisation of the beds."

I do not accept that and nor do the professional medical staff.

She went on:

"He regularly requires the specific secure environment and treatment that Ellingham provides. When he is acutely unwell in a heightened elated presentation he can and has previously required several months of a strict monitored regime that can only be offered on an intensive care ward."

She says that it is now more likely that he and other service users

"will be admitted to units that are not local to their existing care team and where the nursing team will not have the personal knowledge of the patient that currently exists and which is invaluable in the treatment of those with mental health conditions."

It is not as though extra resources are being found for the active outreach teams. We have the strange situation in which figures are being presented that are supposed to show that there is spare capacity in the PICUs. That is the basis on which these half a dozen beds can go. In fact, over the last two months, if those half a dozen beds had not existed, there would not have been enough PICU beds in the trust area for 80 per cent. of the time and we would have been struggling and in great difficulty.

Mr. Walker: For any system to work, there must be spare capacity.

Dr. Lewis: My hon. Friend is right. In this case, an inadequate capacity is being built in. I am concerned that the system we are so fortunate to have in the New

Forest area is being dismantled on the same basis as the mass closures of the '60s and '70s, even though the units we are discussing were designed for the people who were not catered for by those mass closures. As for the highly specialist prize-winning team at Ellingham, it is being sent off to an adolescent unit, to a forensic unit and to other places where its skills will not be properly used. Those staff are just being used to replace other staff who will now not have to be recruited.

I will conclude by saying that this is not a cheap shot, but it is worrying to have been presented with a long list of non-clinical posts that have been advertised by the trust. In terms of annual salaries, the posts total more than £1.25 million a year and include jobs such as: head of consumer experience at £42,000, chief operating officer at £90,000, project manager at £39,000, interim deputy director of operations at £59,000, graphic designer at £28,000, associate director of contracting and commercial development at £59,000, assistant communications manager at £28,000, human resources principal workforce information data analyst at £34,000, and so on. It has also been reported—this has been taken badly by the community and I give credit to the *Southern Daily Echo* for exposing it—that, while all these closures have been going on, part-time health chiefs in the trust have had some very nice pay rises indeed.

I think it obvious from my remarks that I have had information from people who are directly involved in working for the trust on the clinical side—not the administrative side. I hope that there will be no question of any form of recrimination, victimisation or career disadvantage against those people who have spoken out. I was absolutely thrilled when Woodhaven opened in my constituency. The problem is being driven by cuts, but it is being dressed up as the dogma of being the means of coming into the modern world and bringing people into the community more. We have done all that and we were right to do it; but even then, it was recognised that the pendulum could have swung too far. The wonderful system we have, of which we are so proud in the New Forest, must not be dismantled. I look to the Minister to reassure me; but, more importantly, to reassure my severely ill constituents and their extremely worried families.

12.52 pm

The Minister of State, Department of Health (Phil Hope): I congratulate the hon. Member for New Forest, East (Dr. Lewis) on securing the debate on a matter that is clearly of great concern to him and his constituents. Indeed, as he remarked at the beginning of his contribution, he has had a long and active interest in these matters. Clearly the contribution and presence of two of his parliamentary colleagues and neighbours, the hon. Members for New Forest, West (Mr. Swayne) and for Broxbourne (Mr. Walker), shows the wider interest in the issues he is raising.

I am sure that the hon. Member for New Forest, East will join me in paying tribute to the NHS staff in Hampshire for showing outstanding energy and commitment to providing high-quality care for all patients, including those with acute mental health needs. His concerns are clearly fundamentally based on the current action being taken by the Hampshire Partnership NHS Foundation Trust, which has decided to close the Ellingham psychiatric intensive care ward and the Rivendale rehabilitation unit, to which he did not refer—

Dr. Julian Lewis: It is not in my constituency.

Phil Hope: Indeed. The trust has decided to close that ward and unit for four months. Given the brief time I have left to reply and the local responsibility for the decisions, I should say that I hope the hon. Gentleman's concerns will be read and heard by the trust, which will want to respond to the specific points he has made. I understand that he met the chief executive of the trust just last Friday, when he raised some of his concerns about access to psychiatric intensive care units. I think he was assured by the trust that there are no plans to change the clinical thresholds for access to the units and that, indeed, the trust's clinicians were confident that they would continue to ensure high-quality care. I know he has been invited to meet those senior clinicians and tour some of the trust's services to see for himself how things are run. I hope that he will take further opportunities, apart from the one he had last Friday, to meet the trust and present the points he is making.

Let me make it clear, and in so doing reassure all hon. Members who have contributed to this short debate, that these temporary closures will not jeopardise the recovery of existing patients and will not lead to a bed crisis or a drop in the quality of care, as the hon. Gentleman fears. The temporary closure of the two units is in line with wider plans to transform mental health care in Hampshire.

In keeping with many trusts across the country, Hampshire has been on a journey in relation to mental health services and the trust deserves credit, not criticism, for thinking progressively about how mental health can be improved across the region. In particular, it has recognised that some patients in Hampshire have spent more time in in-patient rehabilitation units and psychiatric intensive care beds than is recommended. For example, an audit taken this September found that the average length of stay in psychiatric intensive care units in the trust was 40 days, compared with a national average of just 26 days.

The temporary closure also reflects the wider successes of Hampshire NHS in re-evaluating the way mental health services are delivered locally, and shifting away from a ward-centred, in-patient-focused model of mental health care. Opposition Members know that that is the right direction of travel. We must get it right, but such a model of mental health care is the right direction of travel as it means reassessing how services are used.

On the specifics of the PICU on the Ellingham ward, from April to June 2009 the average bed occupancy was 94 per cent., and from July to September occupancy dropped to just 74 per cent. The need for a level of flexibility in the system was mentioned, and if we consider Rivendale, from April to June 2009 its occupancy was 70 per cent., after which occupancy dropped to just 54 per cent. Those are the realities of the pattern of usage of these services.

Dr. Lewis: I am sorry to cut into the short time I have allowed the Minister, but I have heard those statistics before and I am assured that there will always be lulls at some point. This was an atypical couple of weeks and for 80 per cent. of the time, if there had not been those six beds, the system would have been in crisis. He must not rely on those figures.

Phil Hope: Those are the figures I have but as I said, the hon. Gentleman has the opportunity to challenge the trust in more detail in due course.

On the reduction in demand for beds, there may be fluctuations because of changes that have nothing to do with how the health service is managed. However, such fluctuations are partly due to changes in the way acute and community services manage patients. For example, changes in clinical practice mean that people spend less time in psychiatric intensive care units before being discharged into more appropriate clinical settings. In line with the principles of the national service framework for mental health, the trust and the primary care trust have been looking carefully at how they can move care out of in-patient wards while crucially ensuring patient, staff and public safety. And they have been successful. The growth in community-based services is helping to reduce the number of patients needing to be admitted and maintained as in-patients for extended periods. As a result, demand is falling for in-patient services and increasing for community services such as assertive outreach, crisis resolution and home treatment. That is in line with the Government's vision for mental health.

However, the trust did not take the decision to close the beds lightly and it will review the situation in January 2010. The closures were necessary to maintain the quality and safety of services for patients and to ensure sustainable working conditions for staff. I would like to take this opportunity to assure the hon. Gentleman that these moves are part of the patients' care plans, which are developed and agreed with patients and/or their carers. The decision was taken on the basis of patient and staff safety and was supported by senior clinicians and service directors across the trust, including medical and nurse directors. There has been no suggestion that patient, staff or public safety will be compromised.

Hon. Members have talked about the pressure on other psychiatric intensive care units, but there are local PICUs that have enough capacity, and there has been a growing number of PICU bed vacancies across the trust. However, I appreciate the hon. Gentleman's concerns about these matters, which he and his colleagues have had a good opportunity to articulate. I hope that he takes future opportunities to address these issues with the trust directly, so that he and his colleagues, his constituents who use these services, their families, carers and the wider community can be assured that patient and community safety and patient care always come first.

Free School Meals

1 pm

Dr. Roberta Blackman-Woods (City of Durham) (Lab): It is a pleasure to serve under your chairmanship, Mr. Illsley. I am pleased to have the opportunity to speak about this subject, which is very close to my heart. From the start, I want to pay tribute to the Minister, who has played an important part in the campaign to highlight the importance of universal free school meals. She hosted a visit to Hull so that we could learn more about people's experiences of the school meals pilot there, which was prematurely and abruptly ended by the Liberal Democrats when they took over the council.

I am especially pleased that after much lobbying, it has to be said, the Secretary of State for Children, Schools and Families, my right hon. Friend the Member for Normanton (Ed Balls), agreed to fund a free school meals pilot in three areas: Newham, Wolverhampton and County Durham. I thank also my hon. Friend the Member for Gateshead, East and Washington, West (Mrs. Hodgson) for the role that she played in getting that free school meals pilot. Our campaign was also helpfully supported by the GMB union, Unison and the End Child Poverty alliance.

My mother was a school cook, so I have always believed that the quality of what children eat at school is extremely important. I have watched, however, as over the decades, particularly the 1980s and 1990s, successive cuts have led to more and more school kitchens closing and to a complete withdrawal of hot school meals in many areas. I instinctively thought that Britain was not doing enough to support school meals, but I got the jolt to do something about it in Parliament after I went to Sweden in 2006 and visited schools in which school meal provision was good quality, universal and free. It was after I returned from that trip that the serious lobbying for something similar to happen here began. That experience in Sweden was quite extraordinary. Teachers there were rather bemused that we were so interested in their free school meals, because they took them for granted. They said, "When children go to school, we provide a desk for them, somewhere to sit, a chair, books and stationery, so why wouldn't we provide food as well? They need that to learn just as much as they need a desk."

Those of us who have been pressing the case for free school meals have been helped enormously by Jamie Oliver's school dinners campaign. His exposé of how little we spent on school meals, the variation in quality and the lack of nutrition in some packed lunches helped to raise the issue hugely and led to an increased investment in school meals and to new nutritional guidelines. The Government's response to Jamie Oliver's campaign was very welcome, but it was not enough. In most schools, including primary schools, only about half the children take school lunches. If Jamie Oliver is listening and if he would like to help us to extend the free school meals programme, his help would be very welcome.

Other factors have also helped to raise the profile of this issue. We know that when many children start school, they have not learned at home the social skill of eating a meal around a table or the practical skill of using a knife and fork. Childhood obesity is an increasing

problem, so it is important that healthy eating be not only promoted but experienced at school. I was pleased when the Government announced the pilots, and simply delighted when Durham county council submitted a bid to be a pilot authority. David Williams, the director of children's services at Durham county council, and Councillor Claire Vasey, who is the portfolio holder for children's services, and their team, deserve much praise for putting the successful bid together and, more significantly perhaps, for identifying the resources to implement the project in Durham. I congratulate them on the successful celebration event that they held with Steve Cram this morning. But Phil Barclay, head of finance, deserves particular praise for the way in which the pilot has been implemented, so that a free school meal that meets high nutritional standards has been offered to each primary school child in the county since September, when the pilot began.

In the few weeks since the pilot began, the results have already been staggering. After the bid's success was announced on 1 May, the county had only four months to get kitchens ready to extend capacity in the system. That was achieved using a Department for Children, Schools and Families grant, money from the primary care trust and big contributions from schools, and in some cases dioceses, all of which were put together in a fund of £3 million to upgrade school kitchens. The lasting outcome has been that most schools now have modern, high-quality catering facilities.

What has been truly amazing about the pilot, however, is the take-up figures. Currently, 86 per cent. of children take up a school meal in the schools covered by the main county council contract, and the figure is 90 per cent. for those schools operating outside the contract, whereas last year, take-up was just 50 per cent. The county council is confident that even the current high figures will rise further. I am extremely fortunate because some schools in my constituency are operating at 100 per cent. take-up, which is truly extraordinary. Credit must be paid to Taylor Shaw, the main contractor, which has done well to concentrate mostly on the quality of the food being produced, and has also risen to the challenge of taking on more staff at very short notice.

For those who are not yet convinced of the benefits of free school meals—I am sure there are not many out there—I shall highlight a few of them. Throughout the pilot areas, children in our primary schools are receiving a hot, nutritious, free school meal at lunch time. Take-up is high. In addition to the nutritional benefits, and there are many, there is no longer any stigma in taking a free school meal, because all children have them. Even though the pilot has been running for only a few weeks, teachers are already reporting better concentration levels among pupils in the afternoon.

The economic benefits of free school meals are substantial for parents. That has been particularly important because the project has been launched in a period of economic downturn. Not having to pay for their children's school meals saves parents £8.50 a week per child. Many local parents have told me that the pilot has made all the difference to their family weathering the recession. Many families with two children in primary school are saving £633 a year.

Much of the food is sourced locally, so local businesses and farmers are also benefiting from the programme and, as I said, additional jobs have been created. We are all terribly concerned about climate change, so we should note that food miles are also being cut, with enormous environmental benefits. Lastly, children are learning social skills and how to eat healthily, which will hopefully help us to tackle obesity in future.

I want to take a minute or two to mention some recent statements from head teachers in the schools where the pilots are running. Pauline Warren is the head teacher at Sacriston junior school, which has 175 children on roll, 154 of whom are having free school meals. Before the pilot was introduced they served only 58 hot meals. She has said that everyone at the school is very enthusiastic and positive; they all think it is a wonderful idea. She said that it is good that children can try the food to see whether they like it before asking for a full helping, and that lunch times are now a more sociable event, with the children all having the same meals and sitting down together.

Judith Hodgson, the head teacher of Witton Gilbert primary school, said her school has 100 per cent. take-up and no packed lunches coming in. Interestingly, they have clean plate awards, and because there is a competition, children encourage each other to eat up all their dinner because tables can also get prizes. That is a really good addition to the pilot, and one that we had not thought of before. Judith Hodgson reports very positive comments from the children and their parents. The children say they very much enjoy the meals, and the school says that the cook is absolutely fabulous and has coped extremely well in getting to grips with the new kitchen, and that everything is working smoothly. Everyone from lunch time supervisors to staff and pupils are now converts. They very much like the new system. She says that the really good thing is that children are eating a healthy meal at lunch time, and many teachers are doing so too.

We need the scheme to continue. I know that some people will say we need to wait for the results of the evaluation. It is a great pity that we did not get the Hull evaluation before the Liberal Democrats cut the scheme there. I hope that my hon. Friend the Minister will join me, even at this early stage, in pressing the Chancellor to make money available so that local authorities that wish to bid into a fund to extend and continue that programme can do so. I know that this is not a good time to be asking for more money, with expected savings on the way or savage cuts, depending on whom one talks to. It is probably too much to ask for the £1 billion needed to extend the programme to all local authorities, but at least having a fund that would allow local authorities to bid for some money would be a start.

We know that the Government must do more to tackle child poverty, and I know that Ministers are committed to that, but I think they have overlooked to a large extent the role that free school meals could play in an anti-poverty programme. They could be a very effective measure in helping to tackle child poverty. Extending free school meals is supported by the End Child Poverty alliance, and I am pleased about its support. In particular, it backed the case for extending the programme to those in receipt of child tax credits. That might be a start, so I would like the Government to look at that. However, the universality of the system as it operates in the pilot areas is the key to its success, and I hope the Minister agrees. I hope she will join me in pressing the Chancellor to extend the programme to other local authorities and

[Dr. Roberta Blackman-Woods]

beyond the time frame currently allowed in the pilot areas, so that all the parents in my constituency, and in others, who have so warmly welcomed the programme will know that it has a sound future.

1.15 pm

The Parliamentary Under-Secretary of State for Children, Schools and Families (Ms Diana R. Johnson): I congratulate my hon. Friend the Member for City of Durham (Dr. Blackman-Woods) on securing the debate. She mentioned that she visited my constituency a while ago to look at the experience in Hull after a far-sighted Labour council decided to have free school meals in its primary schools and special schools for three years, to be evaluated by Professor Colquhoun of Hull university. Unfortunately, as my hon. Friend mentioned, the pilot was cut short because of the short-sightedness of the Liberal Democrat council that came in and abandoned the project. It is unfortunate that we do not have that evidence to look at, but I will talk a little about the pilots we do have now, and hopefully we can draw evidence from their experience.

I, too, visited Sweden last month and spoke to school students about school meals. I concur with my hon. Friend's comments about school meals there—all children take them and the meal is a very natural part of the school day.

One of the most important lessons we can teach our young people is how to look after themselves and maintain a healthy lifestyle. A large part of that depends on eating a healthy diet, and the consequences of not having a healthy diet are evident. We know that an unbalanced diet directly affects not only children's school work, but their behaviour in the classroom and at home. Currently, 1.5 million children in the UK are overweight or obese, which means they are in danger of developing serious medical conditions later in life, including type 2 diabetes, heart disease and cancer. We must ensure that our young people know the value of eating healthy food and choose to eat a sensible and balanced diet. My Department is taking steps to ensure that healthy school lunches are a cornerstone of our education system.

Generally, the Labour Government have recognised the importance of improving school food. That is why we have backed significant investment—£650 million between 2005 and 2011—to help support the cost of healthy school lunches, to help build or refurbish kitchens and dining facilities for the excellent catering staff around the country and to better support the development of training centres for the school food work force.

We recently introduced tougher nutritional standards for school food, which will ensure that all primary, secondary and special school pupils have access to a balanced meal, including lots of vegetables, salad and fruit. It is also worth mentioning that my Department, working with the Department of Health, has schemes to ensure that at key stage 1 we have fresh fruit in our primary schools, and many schools also operate breakfast clubs to help give children access to good, healthy food throughout the day.

With regard to the free school meals pilots, as my hon. Friend will know, this September my right hon. Friend the Secretary of State for Children, Schools and Families launched our two-year free school meals pilots in Durham, Wolverhampton and Newham. Those pilots, backed up by £20 million of funding from my Department and the Department of Health, offer free, nutritionally balanced meals to all primary students in Durham and Newham. In Wolverhampton we are testing extending the eligibility rules for pupils whose parents receive working tax credits and have an annual income of up to £16,040. I recognise what my hon. Friend says about the tax credit system, and I hope that the experience in Wolverhampton will let us make a decision at the end of the pilot to see whether there has been an effect on take-up.

When I visited the launch of the pilot in Newham with the Secretary of State in early September, it was clear what an impact the meals were already having on the children and their parents. Just yesterday, I was in Wolverhampton to see for myself a pilot scheme in a secondary school, and take-up there was increasing.

In both Newham and Wolverhampton, there are positive attitudes to the pilots and a keen interest in them. That interest is shared by many local authorities who applied to take part in the pilot projects, and it is important to note that local authorities already have the power to innovate and introduce free school meals in their area, if they so wish. I understand that under pressure from a Labour budget motion, Islington council is about to do that. I am extremely pleased that my hon. Friend's constituency of City of Durham is taking part, and I ask her to pass on my congratulations to everyone who has been involved in ensuring that the pilot started on time.

Dr. Blackman-Woods: Would my hon. Friend find it helpful to visit my constituency, in particular some of the schools that have 100 per cent. take-up, to see how effective free school meals are locally?

Ms Johnson: I am delighted to receive that invitation. Actually, I was about to say that having visited Newham and Wolverhampton, I would be pleased to go and see for myself some of the primary schools in Durham and talk to the teachers and pupils to find out what they think about the meals.

We started the pilots because we wanted a robust and independent evaluation of the benefits to children of eating free school meals. We wanted to see whether having a free healthy meal would reduce childhood obesity and change eating habits at home, and whether school standards would rise. That information will lead us to a decision about the value for money in extending the project. The design of the pilots focuses on encouraging healthy eating habits in children from a young age—in primary school—and throughout their time at school, so that they are not tempted to eat junk food by the time they reach secondary school.

I want to speak generally about the uptake of free school meals. As my hon. Friend knows, the key is that children and parents are fully behind the meals, and that the school is actively promoting healthy food and the benefits of a school lunch. There is clear evidence that although most children who are eligible for free school meals take school lunch, there are still too many who do not. Figures from the January 2009 annual schools census show that 16 per cent. of nursery and primary school pupils are known to be eligible for the

meals but only 13.6 per cent. take them up, and 13.4 per cent. of secondary school pupils are known to be eligible but only 10.3 per cent. take them up. It is vital that schools work with their local authorities and the School Food Trust to ensure that those who are eligible for free school meals know that they are.

Dr. Blackman-Woods: Does my hon. Friend accept that one of the reasons why children do not take up free school meals is that they feel there is a stigma attached to them? Unfortunately, too many schools still single out in some way those who are having free school meals as different from the others. What is so important about the pilots is that free school meals are universal—everybody has them—and that is why we have seen such an extraordinary rise in the take-up figures.

Ms Johnson: That was clear from my experience in my constituency of Kingston upon Hull, North. When there were free school meals in primary schools, that was exactly what parents and teachers were saying to me. The stigma attached to them in the past had gone, and that will be an important part of our evaluation of the success of the pilots in Durham and Newham.

In the pilots, we obviously focused on areas of the country with deprivation and low incomes, because we felt that those areas were most likely to benefit from the extension of free school meals. As my hon. Friend said, they are a great way of putting money back into the pockets of the hardest hit in the current recession and of improving children's health and fitness. However, we recognise that not all children in the pilots will be from low-income families. We want to improve the health and educational benefits for all children, not just those from a low-income background. Not all children who can afford school meals eat them, so it is right that the pilots test to see whether offering free school meals helps children across a spectrum of families.

On the early evidence about the uptake of meals, as my hon. Friend said, the pilots have been in operation only since September, but already positive feedback is being received in local areas. As she explained, average school lunch take-up is estimated to be about 80 per cent. in Durham, and I understand that around 10 schools are achieving take-up of 100 per cent., compared with around 49 per cent. before the pilot started.

Opposition Members raised objections at the start of the pilots that many of the areas would not be ready for them because of the lack of kitchens. It is clear to me, from my hon. Friend's experience in Durham and from the statistics, that those objections were unjustified.

Dr. Blackman-Woods: Does my hon. Friend accept that my local authority did an amazing job in getting a partnership together to put money into school kitchens? It was far-sighted of the authority to involve the primary care trust, the schools themselves and the diocese, because they all have an interest in children's health.

Ms Johnson: That is absolutely right, and I pay tribute to the local authority, the diocese and the PCT. They are all key players in ensuring that we can deliver healthy school meals for our pupils.

There are excellent signs that children and families think that the meals are worth having. My hon. Friend should take credit for that, as she fought hard to get a free school meals pilot. I am pleased indeed that one of them is in Durham. As I said earlier, I am very much looking forward to visiting Durham, hopefully later this year.

I shall turn to the issues my hon. Friend outlined on the next steps for the pilots. I would like to be clear at this stage that we are not making any decisions about future roll-out. We shall test each pilot throughout its two-year process and a full evaluation will be carried out by the National Centre for Social Research. The evaluation will determine whether the additional benefits resulting from the pilot offer value for money in terms of costs to schools, and it will also determine whether the current eligibility rules are right.

In closing, I again congratulate my hon. Friend on securing the debate. I believe that we can all agree that the health of our students is of the utmost importance. I am glad that we are taking steps towards a healthier lifestyle for all our pupils and students—steps that are already getting a positive reaction. It is important to monitor the pilots closely and to ensure that a full evaluation is made at the end of the two years. We need to keep good food for our children and young people high up on the agenda.

Dr. Blackman-Woods: Would it make sense to complete the evaluation before the end of the two-year pilots? If local authorities are not given a signal early on about whether their scheme will continue, it could be put in jeopardy.

Ms Johnson: As Minister with responsibilities for school food, it is my intention to keep a careful eye on evaluation during the two years, and we shall use it as effectively as we can in discussions with local authorities. I look forward to working closely with my hon. Friend on the issue as we continue to monitor the success of the pilots.

Electoral Register

1.29 pm

Mr. Simon Burns (West Chelmsford) (Con): I am pleased to have the opportunity to raise the crucial issue of ensuring that the electoral register, which is one of the engines that drives our democracy, is accurate and honest and works in the way in which it was designed to work. There is a problem in the country with regard to the integrity of parts of the electoral register, partly caused through ill-information and by deliberate abuse of the system. I accept that this is a tricky and difficult subject that has to be treated with sensitivity.

During the 2005 general election, one afternoon as I was canvassing in Waveney drive in my constituency in Chelmsford, a lady aged about 55 opened her door and told me that she would not be able to vote for me, even if she wanted to—although she did not express whether she wanted to—because she could not vote in a British general election. It came as a surprise to me. When I asked her about that, she said that, notwithstanding the fact that she had lived in Chelmsford for 25 years and had been married for 25 years to a Chelmsford man, she was a Swedish citizen, so she was not legally entitled to vote in a British general election, because she did not have British citizenship. I accept that that is right, because if she is not a British citizen she does not fit into the rules and she will not be able to vote in a British general election. However, I am concerned that numbers of people in Chelmsford—it is not restricted simply to Chelmsford; I suspect that in certain parts of the country it is far more extensive—are putting themselves on to the electoral register who have no right to do so, because they are asylum seekers or economic migrants whose status in this country has not been determined. Even though they may have come from a Commonwealth country, they are not entitled to go on to the electoral register.

The rules for those people qualifying to go on the electoral register say:

> "Commonwealth citizens who are resident in the UK qualify to be registered if they do not require leave to remain in the UK, or if they do require leave and this has been granted."

Unfortunately, there are individuals who have come to this country seeking indefinite leave to remain who have not yet had that leave granted or may have been refused it and are appealing against the procedure. They may even have a deportation order issued against them, against which they are appealing. Such people may have placed themselves on the electoral register and I have no doubt that in some cases they have exercised their right to vote. I know of one definite case in my constituency a few years ago, in which someone with a deportation order was not only on the electoral register but voted in the last election. This is wrong, because these individuals are not entitled to vote.

People who play by the rules—that is, my constituent who is a Swedish national—do not vote in a general election. This matter should be looked into and sorted out, so that people who should not be on the register are removed and denied the right to vote until their status in this country has been regularised so that they comply with the law. I suspect that individuals sometimes put themselves on the register through ignorance. This is the first issue that I would like to raise with the Minister. On the forms going through letterboxes in recent weeks, throughout Chelmsford and the rest of the country, people are invited to renew their registration on the electoral register. The form asks people for their surname, first name and nationality, with the text in brackets stating that this should be

> "as shown on your passport if you have one",

which suggests that if they do not have one they do not have to complete that part. I also suspect that, if they do have a passport and forget to complete that part of the form, it will make no difference to their registration. The notes on the reverse of that form say:

> "Who should be included on the form? Include the following people: All residents from Great Britain and qualifying citizens of the Commonwealth, the Republic of Ireland and the European Union...who will be living at your address on 15 October 2009."

That is fine. However, it does not say that qualifying citizens of the Commonwealth should put their names on the register or renew their entry only if their status to remain and live in this country has been regularised and approved by the Government.

There is a similar situation in respect of the registration forms that people use to register in the first p[illegible] form mentions Commonwealth citizens and [illegible] relevant Commonwealth countries in great detail, but nowhere does it say, "but only if your residency in the United Kingdom is regularised within the immigration law." Anyone who is not that familiar with our system will see that they come from a Commonwealth country—the form says that people "may register" if they come from a Commonwealth country—and will register, even if, at that moment in time, they have no legal status to live in this country or are fighting hard to get a decision on their remaining here reversed. More guidance should be provided on both those forms, so that people cannot use ignorance as an excuse or claim that they misunderstood the notes accompanying the forms and, in that way, not comply with the law.

If someone puts themselves on the register and they should not be there, it is remarkably difficult to get them off. There are a number of ways in which such a person can be discovered: just by talking with neighbours, and so on, for example, although it would be incredibly embarrassing for a neighbour or someone who knows the person to report them. Members of Parliament can find out relatively easily whether someone should legally be on the electoral register, but it is rather tricky to do so, because of the mechanisms by which one identifies individuals and the procedures that have to be adopted to determine whether they should be, or remain, on the register.

The electoral officer can look into the matter, as hon. Members will know. Chelmsford is no exception in having an excellent electoral registration officer, whose team works hard. Those officers will be less than likely to know if someone has registered themselves but is not entitled to do so. I suspect that in most parts of the country, few electoral registration officers find many cases where someone has put themselves wrongly on the electoral register. They do not have the time to find out: it is a rather complicated issue.

If an individual finds out about someone who should not be on the register, they have to go through a set procedure to notify the electoral registration officer. They must make an objection to someone's being on the register in writing. The letter has to be signed and dated

by the elector making the complaint and has to include the name, address and electoral number of the objector, as well as the qualifying address, and everything, of the person they are complaining about. That letter is, of course, in the public domain, which does not encourage people to draw to the attention of the authorities a situation where an error, deliberate or not deliberate, has been caused. That is a failing.

If an individual in Chelmsford, Swindon or wherever were to complain that their neighbour's hedge was going on to the public footpath too much and needed cutting back and trimming, the local authority would write to the owner of the property where the hedge was causing the problem and ask them to take that course of action. If the home owner then telephoned to ask who had made the complaint, the complainant would be guaranteed anonymity and the local authority would not disclose the complainant's name.

The Government have a social security benefit fraud hotline, and openly advertise the fact that confidentiality is guaranteed. If an individual suspects that someone is defrauding the benefits system, all they have to do is ring the hotline, provide the information and the grounds on which they believe that someone is defrauding the system, and it will be investigated with anonymity guaranteed. In electoral fraud, which may often be deliberate, why is anonymity not guaranteed? I suggest that it should be guaranteed for a complainant, because that might help to achieve an electoral register that is more accurate, fair and honest.

If someone goes through those hoops, what is the procedure for trying to remove someone from the electoral register if they should not legally be on it? The electoral registration officer must determine whether that person is on it illegally, and if their status in this country is involved, the UK Border Agency should be contacted. A few years ago, a local authority asked the Home Office, which then had responsibility for such matters, to check on someone who was on the electoral register and voting in elections when they should not have been because they were fighting a deportation order. The local authority wrote to the Home Office, but after six months it had not even received an acknowledgement of its request for information. It then stopped pursuing the matter, because October came along and the individual concerned did not re-register. If that is UKBA's record in responding to an electoral registration officer's request for information on an individual, it is pitiful.

Secondly, if the electoral registration officer receives such information, they must inform the person who allegedly should not be on the register, who may call for a hearing to argue that they should remain on it, even if the electoral registration officer has a piece of paper from the UK Border Agency stating that, for example, they have been refused indefinite leave to remain and should not be in this country because they are an economic migrant, or whatever the reason. Imagine the legal fandango if people who were the subject of complaints called for a hearing and lawyers became involved. It would spin out the whole process, which would become immensely costly, and I suspect that it would be months, if not years, in cases in which the lawyers were determined to string things out, before a decision was made.

Something must be done to improve procedures. Natural justice should not be denied, but if a decision on whether someone should remain on an electoral register boils down to someone's immigration status, that must be fairly clear when the UK Border Agency informs the electoral registration officer of their current status, and I do not understand why it is necessary to go through that costly and time-consuming effort for a matter that is relatively simple. Does the Minister have any ideas for improving and tightening the system without denying people natural justice? I have a proposal to put to him. I think that I am right in saying that until changes were made, if a complaint was made against an individual on the electoral register and it was not obviously a vexatious complaint, that person was automatically removed from the register until they could prove that they should be on it. I am not a lawyer, but that seems a sensible way to proceed. If someone should be on the register and wants to be on it, it is not difficult to prove their legal status in this country, and that would speed things up.

The final thing I should like to raise is a little more complex and grey. What happens to Commonwealth citizens of states that have been suspended from the Commonwealth? Are they allowed to be on the electoral register? Under immigration rules, a Zimbabwean may not be allowed indefinite leave to remain in the UK, but they are not being returned to Zimbabwe for very good and correct reasons, given the situation in that country. However, the Government's responsible attitude to that appalling situation should not mean that Zimbabweans get the right to vote in a general election in this country. I suspect that the Minister will say that if a country is suspended, and its citizens, who would not normally be allowed to remain in the UK, are staying here because of the situation in that country, until it improves and it is safe for them to return, they will be allowed to appear on the electoral register. That is illogical, and I hope that he will reconsider the issue. I am sure the Minister agrees that it is crucial that the system is not abused, and that measures should be taken to tighten the system and to minimise the opportunity for abuse. I hope that my modest suggestions are both logical and acceptable, and I look forward to his response.

1.47 pm

The Minister of State, Ministry of Justice (Mr. Michael Wills): I congratulate the hon. Member for West Chelmsford (Mr. Burns) on securing this debate. That is the usual courtesy, but I mean it because the subject is enormously important, and it is to his credit that he has gone into it in such detail and so thoroughly. I hope that I can provide some reassurance.

The hon. Gentleman and I agree, as does every sensible person in this country, that the integrity of the electoral register is fundamental to our democracy. Everyone in this country must have faith in the processes, so the register must be comprehensive and accurate; otherwise its integrity is flawed. The Government have made huge efforts to ensure both. We have introduced measures for individual registration, which place those two requirements—comprehensiveness and accuracy—at the forefront of the electoral registration system.

It is worth noting in passing that the Electoral Commission estimates that 3 million to 3.5 million people who are eligible to vote cannot do so because they are not on the register. That is a huge problem, and a flaw in our democracy. We must do more to tackle it. We have taken measures, and we intend to ramp them up in the months and years ahead. I hope that the

[Mr. Michael Wills]

hon. Gentleman agrees that that is fundamentally important. With every measure involving the register it is important to ensure that everyone who is properly eligible to vote should be able to do so. Equally, as the hon. Gentleman rightly said, the register is flawed if people on it are not entitled to be on it. He raised a number of issues that I want to address.

I assure the hon. Gentleman that the matter is extremely serious. We have introduced a range of measures to protect the integrity of the postal vote, and the introduction of a system of individual registration will make fraud more difficult. It is also worth pointing out that recent studies by the Electoral Commission and the Association of Chief Police Officers suggest that the incidence of fraud is declining. It is mutating, but it is declining. I do not want to sound complacent for one moment. Even a single incidence of fraud is one too many, and even being on the register inadvertently, without out-and-out fraud, but perhaps because of a mistake in the process, is unacceptable for all the reasons that the hon. Gentleman gave. We accept that. Therefore we are never complacent and are always looking for new ways in which to improve the system. That is why I am so grateful to the hon. Gentleman for initiating the debate: we will be able to make some progress.

Before dealing with specific points, I shall make some general observations about the process. The hon. Gentleman will be aware that under the Representation of the People Act 1983, there is a duty on electoral registration officers to maintain the register. That means that they must be responsible for its integrity. They must ensure that everyone who should be on it is on it, but also that people who are not entitled to be on it are not on it. The vast majority of electoral registration officers are extremely diligent in discharging that duty. We have given electoral registration officers increasing powers to ensure that they can do the job properly. It is not just a question of the will; it is also the means to discharge it. In 2006 we placed a statutory duty on electoral registration officers to take all necessary steps, which include sending the annual canvass form more than once, making house-to-house visits and inspecting records.

The hon. Gentleman is particularly concerned with a specific area, and I will come to that. He has raised the question of illegal immigrants—people who are here illegally—people who are facing deportation and people whose cases may not have been decided yet. None of them is entitled to be on the register. There is no doubt about that. If they are on the register, that is wrong. It may be a case of fraud or inadvertent error, but they are not entitled to be on the register and there should be no doubt whatever about that.

If such people are on the register, they are committing an offence, almost certainly. We have given electoral registration officers guidance—they are regularly issued with guidance—on how to identify fraud. They have the power to investigate any registration at any time, and they have the power to remove individuals from the register and report them to the police if they suspect them of supplying false information, which, as the hon. Gentleman will know, is an offence. As we move over the next four or five years to a system of full compulsory individual voter registration, that existing programme of work will be further enhanced and electoral registration officers will have a further range of mechanisms at their disposal.

Mr. Burns: The trouble is, though, that electoral registration officers in most areas will not know that someone is on the register who should not be unless someone tells them. There is a problem with that. For example, Members of Parliament are probably one of the groups of people who will be most likely to know, because of their dealings with those individuals and the UK Border Agency. However, given that people have to write to the registration officer to make the complaint, which Member of Parliament is going to do that, given that it might then get into the public domain that if someone goes to see an MP on an immigration case, the electoral registration officer might get in touch with them because they have wrongly put themselves on the register?

Mr. Wills: I was coming to the hon. Gentleman's point about the ability to report possible abuses anonymously. I see some merit in that; it is a perfectly reasonable point of view. I can say straight away to him that we will look into it, but in doing so we must be careful to strike a balance. We must be careful to protect against malicious, vexatious complaints. They could be made because of neighbour disputes; they could be made for all sorts of malign reasons. I do not think at all that the idea is without merit. I want to look into it and I want to say some other things in a moment that will give comfort to the hon. Gentleman in this context.

Mr. Burns: I understand the point about balance, but that principle does not guide the Government's own social security benefit fraud hotline.

Mr. Wills: I was coming to that. I hope the hon. Gentleman will accept that these are categorically different issues. Both relate to fraud and are extremely serious, and of course, there could be malign intent and vexatious issues in relation to social security as well. However, I hope he will accept that there is something else at play regarding the electoral register, which is politics. This is a difficult issue and we must be careful that we do not open up our electoral system to being the plaything of party politics. That is all I shall say to him on the matter.

This is not an open-and-shut case. As I said at the beginning, we must be vigilant all the time. We must never be complacent, and I give the hon. Gentleman my assurance that we will consider the matter that he has raised. I will come back to him on that and some of the other issues that he raised. I still have a few more minutes to address them, but just in case I run out of time, let me say straight away that we will take up all those issues with his local electoral registration officer. We want to get to their experience of what has been going on in Chelmsford. As a result of that, we shall come to a view about what needs to change, if anything. If he would like me to do so, I will then meet him to go through what we have found and the reasons why we have come to the decisions. That will be the start of a dialogue if he so wishes. It will not be just me telling him what we think. I will still be open to further representations from him privately. Perhaps it will not be in Westminster Hall, but I am very anxious to pursue

that issue and every other concern. I suspect that other MPs have similar concerns, and I hope that they will all come to me as well.

The hon. Gentleman referred to a local authority—he did not name it—not getting a response from a Government Department. That is unacceptable in all circumstances; there is no defence for it whatever. It sounds as though it is a historical case and it may not be worth pursuing. If the authority wants to come to me, I will take the matter up. Generally, it is worth sending a message to all local authorities that they should expect to get replies from Departments, as every citizen should, but if they do not get them—sometimes Departments are not as deft at dealing with their correspondence as they should be—they do have local Members of Parliament, who should be able to get such responses and whom they can approach, so I would urge all of them to do just that. The situation is unacceptable and should not have arisen.

It is worth saying a little more about the powers that electoral registration officers have, because they are considerable and the hon. Gentleman, in his understandable concern about the issue, may have not quite registered just what powers are available to them. It is an offence to give false information to an electoral registration officer, and the penalty is six months in prison. It is not a slap on the wrist; it is a serious punishment for something the Government take very seriously. Officers can investigate any registration at any time. The Electoral Commission's guidance to electoral registration officers makes it clear that if they have any doubts about the eligibility of any applicant, they have the power to require any person to provide information relating to the eligibility of that applicant: age, nationality, residence and whether or not they are disqualified in any way. If the officer has any doubts about that, they can also require the person to provide evidence demonstrating that they meet the requirements.

Regulation 24 of the Representation of the People (England and Wales) Regulations 2001 provides that if the electoral registration officer is not satisfied about an applicant's nationality, they have the power to require the applicant or the elector to provide specified documentary evidence confirming it. As we move to a system of individual registration, clearly much of that information will have to be provided anyway, which is why it is such an important guarantor against fraud.

I shall touch briefly on the question of the Swedish citizen who could not vote. I know that the hon. Gentleman was not raising that particularly, but it is worth saying that we keep these things under constant review. Parliament has regularly expressed views on which foreign nationals should be eligible to vote. It is always worth reminding constituents—we all have constituents in the situation of that Swedish citizen—that in the circumstances described, they would almost certainly be eligible for dual nationality, depending on the regulations in their country of origin. That would enable them to vote in this country. I would have thought that if they wish to take a stake in this country by voting in it, the acquisition of nationality would be appropriate in those circumstances. It is always worth responding to people such as that, because it is a frequent cause of complaint that I have; I see frequently as a Minister that people who have contributed a lot and pay taxes in this country wonder why they cannot vote in general elections. There are avenues open to them to vote, should they choose to do so.

I hope I have given the hon. Gentleman enough comfort so far. This is not the end of the story. He has raised serious concerns and we will pursue them with the electoral registration officer in Chelmsford. I will come back to the hon. Gentleman on this issue as soon as possible—I am talking about weeks, not months—so he will get a reply from me and then, if he so wishes, I will be happy to meet him and discuss any remaining concerns that he has.

2 pm

Sitting adjourned without Question put (Standing Order No. 10(11)).

Westminster Hall

Wednesday 21 October 2009

[MR. CLIVE BETTS *in the Chair*]

Private Landlords (Local Regulation)

Motion made, and Question proposed, That the sitting be now adjourned.—*(Mr. Ian Austin.)*

9.30 am

Graham Stringer (Manchester, Blackley) (Lab): Private landlords have been a feature of big cities for as long as big cities have existed in this country and other countries. People such as Peter Rachman are part of the vocabulary and folk memory of urban working-class communities. Virtually all working-class people from the inner cities have tales to tell of bad landlords and of what has happened to their families. However, what happened in the mid-1990s in Manchester and other northern cities—it was primarily northern cities—was a particularly malevolent variation on the theme of bad landlords exploiting poorer communities.

During the recession of the early and mid-1990s, the price of houses dropped, and that was particularly true for terraced houses in small towns and larger cities. Many drug dealers then used their excess disposable income to invest—if that is the right word—in terraced housing. Many of them had a business plan, which went something like this. They would buy one property in a row of terraced houses in what had previously been a decent and often long-established neighbourhood. They would then put in friends or tenants of a particularly rowdy and antisocial nature. Sometimes, those tenants would form shebeens, although they were often just deliberately and knowingly antisocial, and that drove other people out of those streets. As the value of houses dropped in the recession, more poor tenants came into the area. Eventually, these landlords ended up owning most of the street, and their income would be paid out of the benefits system. They did not look after the houses or the area—there were lots of complaints to local councillors and MPs—so there was a real possibility that the public purse would again have to pay for those houses when compulsory purchases came along.

When I was first elected to the House in 1997, this blight was affecting north Manchester—my hon. Friend the Member for Manchester, Central (Tony Lloyd) is also here, and he will know that the same was true in east Manchester. At the time, I believed that we required the regulation of private landlords, but before I get on to selective licensing and regulation, let me make an aside. To understand the problems of urban regeneration and of supporting private housing, council housing and registered social landlords, we have to understand some of the drivers that have led people to leave long-established areas. If the Government do not understand such crucial factors, they could waste money trying to regenerate areas.

Having been elected, I was keen to pursue proposals to register every private landlord. Private landlords had the ability to make people's lives absolutely miserable and to destroy whole neighbourhoods, and the evidence showed that they had done that in certain areas. If we insisted on licensing people who sold alcohol—I can think of many other licenses as well—I could see no reason why we should not license people who rented property to others to make them responsible for the way in which they did that.

Interestingly, in the past 12 months, Rugg and Rhodes have proposed a similar solution to the problem of private landlords in their report "The private rented sector: its contribution and potential". They have proposed light-touch regulation that encompasses the whole private rented sector, and having experienced selective licensing schemes, the problems associated with them and the resources required to maintain them—I will come to those later—I think that improving the system introduced in the Housing Act 2004 is probably a better way forward than regulating the whole private housing sector.

I was bound to say at some stage in my contribution that although there are bad private landlords, there are, of course, also good ones, and I want to focus on improving the regulation of private landlords to deal with the problems that have been created.

Bob Spink (Castle Point) (Ind): There are good landlords in Castle Point, but the problems in the private sector there are quite different. Landlords are reluctant to take on people on housing benefit as tenants, and Julie Rugg found that there were problems in that segment of the housing market. The issue of housing benefit and tenants is very complex and will need careful handling. Will the hon. Gentleman ask the Minister to set out what the Government will do to resolve the problems that he has eloquently annunciated and the problem of private landlords who refuse housing benefit tenants, as in Castle Point?

Graham Stringer: The hon. Gentleman makes an interesting point. When I started trying to persuade the Government to regulate private landlords, although I did not use quite those words, the then Housing Minister wrote to me to say that the Government were not prepared to regulate private housing, because that would damage the private rented sector in London and the south-east and lead to homelessness. I found that answer unsatisfactory. Although I would not deny that those are the facts—and the hon. Gentleman makes the point about his constituency—I did not see why the Government should not deal with the problems of many northern cities and smaller ex-industrial towns because the south-east had a different economy and different problems.

I carried on trying to persuade the Government. When Lord Falconer of Thoroton became the Housing Minister, I showed him around some particularly difficult areas in my constituency. That led to the provisions in the 2004 Act. Interestingly, it took seven years, from when the Labour Government were first asked for it—although the problem had existed since the early 1990s—to get legislation saying that someone should be a fit and proper person to be a private landlord, and to give tenants in the relevant areas certain rights. It was another two years before, in April 2006, certain provisions came into force and could be used for selective licensing. In fact, a further two years later, in late 2008, because of complications and difficulties that I shall come to, only seven authorities in the United Kingdom had taken up the scheme. I do not believe that was because the schemes are bad. It is because of the mechanisms to implement the scheme.

[Graham Stringer]

The Housing Act 2004 was welcomed across the board, because it was sensitively and well thought out. The one group of people to oppose it was the Residential Landlords Association, which said that

"selective licensing officially identifies an area where there is low demand for property, usually with problem families and a history of anti-social behaviour, where nobody wants to live.

And few areas will recover from that level of official negativity from their own local authority. It's as close to being formally declared a ghetto as you're likely to be.

No control is proposed for other types of occupier in mixed residential areas—such as tenants of housing associations, social housing, third party housing or owner-occupiers. So to single out private landlords shows grossly unfair double standards."

That opposition completely misunderstood the Government's response, which was a recognition of the fact that certain areas were being dragged down by private landlords who put antisocial tenants in them at a cost to the public purse, and that there was no remedy available to the local authority to deal with it. Selective licensing schemes were the only mechanism or tool given to them.

Tony Lloyd (Manchester, Central) (Lab): My hon. Friend is making very thoughtful comments. The real issue in the areas that he and the private landlords' representatives talked about is not even the cost to the public purse, but the cost to the good residents whose lives are made intolerable by the behaviour of a small minority of bad tenants, and the landlords who fail to deal with that. The stabilising of an area for the many good residents is fundamental, and the approach that my hon. Friend describes is vital to the re-establishment of people's ambition to live and settle in those areas.

Graham Stringer: My hon. Friend's observation is accurate, but the annoying thing is that although the real destruction and cost, which are difficult to quantify, are inflicted on people, that happens at a cost to the taxpayer, which must be wrong.

When the 2004 Act came into force the Government did not publish the statutory guidelines, so Manchester, which was one of the first authorities to try to implement the scheme, had to consult using Cabinet Office guidelines. They are fine; there is nothing wrong with Cabinet Office guidelines on consultation, but no guidelines were provided by the relevant Department—I cannot remember what it would have been at that time, because the name changes so often. Manchester city council consulted, and the very first area was in the constituency of my hon. Friend the Member for Manchester, Central. There was also consultation in two wards in my constituency. Statistics from the responses to the consultation included the fact that 71 per cent. of people wanted intervention and 90 per cent. wanted landlords to intervene when their tenants were bad, which is one of the responsibilities that the registration scheme gives landlords.

Mr. Andrew Turner (Isle of Wight) (Con): The hon. Gentleman makes a good point, but my concern is that even when landlords wish to get rid of a useless tenant it takes months to do so, which makes things more difficult for the landlords.

Graham Stringer: The hon. Gentleman makes a fair point, and the burden of most of what I am saying will be the time that the process takes: setting up and implementing selective licensing schemes, finding private landlords—whether they are good, bad or indifferent—getting them registered and monitoring the schemes. It is a complicated proposal.

There are 10,708 properties in the area in my constituency that has a selective licensing scheme, the Harpurhey and Lightbowne area, and it is estimated that 16 per cent. of them are owned and let by private landlords. At the start of the scheme it was possible to make contact with only 84 per cent. of those landlords, and at that point 68 per cent. were easily given licences, but it is difficult to find out where properties are let to tenants by a private landlord if that landlord does not want to tell anyone. Often it is necessary to rely on the information given by local residents associations when there are problems. In the area I mentioned, the excellent Trinity residents association works closely with the council and the registration and enforcement teams, to deal with particular properties. I am not bringing case work here—I am too long in the tooth to want to bring case work before hon. Members—but they find properties where the tenants have caused a nuisance and the council goes through the lengthy procedures to try to get the landlords to conform and deal with the tenants, or, if they will not do so, to fine them. Extensive fines are available to the council if it is proved that the landlord is not complying with the legislation.

I want to finish by talking about the time factor. I have, I hope, a reputation as a localist. The schemes that have been set up are working. There are five and a half posts in Manchester in which people are employed to carry out the schemes, and they are improving the life of local residents, albeit slowly. It took nine years to arrive at the schemes, and it takes a long time to set them up. The Department says that it takes six weeks, but the evidence from Manchester city council is that from consulting and trying to initiate a scheme it takes the Department twice as long as that—13 weeks—to respond. My real question to the Minister is what the Department knows that is not known in Manchester, Sheffield, Salford, Burnley or wherever else the schemes are working. What is it adding to the process? Now that the schemes are up and running, and working well, why are they not completely delegated to the local authority? That would speed up the process and would be very helpful. However, there is some dispute; I put that point to the Minister for Housing, my right hon. Friend the Member for Wentworth (John Healey), and he acknowledged the fact.

I put a second point to my right hon. Friend at a meeting last week. It is simply this. The officials at Manchester City council say that the legislation makes it clear that selective licensing areas are to come to an end after five years. My right hon. Friend said he would consider delegating such decisions to local authorities, particularly those that had experience of the scheme and showed that it was working well and could be extended.

Many who participate in the residents associations of Manchester are deeply concerned that the selective licensing areas are to last only two or two and a half years more, and that private landlords are still trying to evade them. It takes time to do the interviews and to identify people.

and the belief among residents is that some of the worst landlords are trying to hold out until the scheme finishes once the five years are up.

My right hon. Friend the Minister for Housing said that the scheme could be extended. I would be most grateful if my hon. Friend the Minister would confirm that today. It would put the minds of many of my constituents, and those of my hon. Friend the Member for Manchester, Central, at ease if that was so. The worst thing they fear, given the effort they have put into identifying the bad landlords, is that they will be laughing down their sleeves and saying, "Well, you might have stopped me being a nuisance now, but we can soon go back to how we were before." Without selective licensing areas there is no legal means of compelling landlords to manage their properties satisfactorily or to take action against nuisance tenants. That is the crux of the matter.

I hope that I have explained properly that, because it is intense, the selective licensing scheme works better than a national scheme, but it needs to be delegated to local authorities. The case is made that, where problems continue, the areas should be allowed to continue with the selective licensing scheme until those problems are solved—not just for the five-year period—and it is no longer necessary. That is the answer to the Residential Landlords Association. The scheme is not stigmatising areas; it is trying to improve them. I look forward to my hon. Friend's reply.

9.53 am

Bob Spink (Castle Point) (Ind): I am delighted to follow the hon. Member for Manchester, Blackley (Graham Stringer)—I think I should call him my hon. Friend. In bringing this important subject to the House and dealing with it as he has, he shows that he is in touch with the needs of his constituents, and has been for many years. He shows how caring he is as an assiduous constituency Member.

Helping people on housing benefit to get decent homes so that they can move on and become more self-reliant—it is possible for some; for others, it is not—is also a problem in my constituency in Essex, although the market there is quite different from that in Manchester, as the hon. Gentleman said. Over recent years, there have been specific problems. The private rented sector is growing. On one hand, people cannot sell their houses: there has been a bottleneck for a number of years, which is now starting to work its way through, and house sales are starting to increase in my constituency and in others. At the same time, people are having difficulty finding mortgages. They have to be earning enormous sums to afford mortgages on the loan-to-value rates being demanded by the various mortgage companies. As a result, more people are renting, and there is a greater supply of rented property. The problem is one that the Government need to consider carefully.

There are a number of matters to consider. First, I congratulate the Government on their action over the last year to bring forward more social housing. My constituency needs at least another 200 social housing units, but where they are to come from I do not know. The private sector is reluctant to let to those on housing benefit. That is a great shame, as it pushes such people into specific areas where, as in Manchester, problems start to arise of antisocial behaviour, bad neighbours and suchlike. I have such areas in my constituency, particularly on Canvey island, and I deal with them weekly with the help of the council and the police. Indeed, I am visiting people in one of those areas on Friday.

I thank the Government for trying to bring forward more social housing, but I want them to go even further. I want councils to be more able to build social housing and let it themselves. Coming from this side of the Chamber, that comment may seem strange, but I have been consistent on the subject in my time as a Member.

One problem with rented private accommodation is safety. The Electrical Safety Council recently issued a warning about the risk of electrical wiring systems. My early-day motion 2105, which is on periodic electrical testing and inspection, calls on the Government to make inspection "compulsory for rented accommodation", particularly in private rented accommodation.

I am not a regulator. We have to get the balance right. We do not want to turn people away from becoming private landlords, or to make the hurdles that they have to jump higher. Nevertheless, the landlords themselves have a part to play. If they maintained the houses that they rent in good condition and did the necessary work quickly and properly, I would not be making this call, but unfortunately they do not. I therefore call on private landlords to accept their responsibility to ensure that their properties are maintained in a safe condition. The responsibility must first lie with them, but if they do not accept it the Government will have to move to ensure that private rented accommodation is safe.

You will be aware, Mr. Betts, that I was not intending to speak this morning, but I was tempted to my feet to make a couple of points. I imagine that most MPs received an e-mail from David Knight of Channel 4 yesterday, inviting them to take part in a documentary. We are being asked to live on a council estate in social housing for seven or eight days. It seems a long time, and my constituents may not want me to be away from the tiller for that long. Channel 4 seems to think that it would be a good way to engage the public, and to gain an insight into tenants' lives—how they deal with the problems of poverty and antisocial behaviour, a lack of mobility, unemployment and disability, and how they face the fact that they may become trapped in an environment where they are afraid.

People on one of the estates on Canvey island have come to me year after year. I had to deal with the same problem tenants in 2006 and in 2007, and I wrote to the council again in 2008, asking for them to be moved away. They are still there. We know what they are doing, and how they do it, but the police cannot act without evidence. We have asked for CCTV, but tenants are wary of being named because they will be targeted and will come under even more pressure from the bad tenants, who never seem to be moved on.

Channel 4 may be on to something really important. Perhaps it can do a great service for those who are trapped in the revolving door of poverty, antisocial behaviour and poor housing. Highlighting the problem will be a good thing. I am sure that all Members here and their families have themselves lived through difficult times. Over many years, we, as Members of Parliament, have experienced the difficulties of our constituents, so we do not need to learn what is happening; we know what is happening. We need to find solutions, and I look to the Minister to provide some.

10 am

Tony Lloyd (Manchester, Central) (Lab): I congratulate my hon. Friend the Member for Manchester, Blackley (Graham Stringer) on securing this timely and important debate. I do not want simply to run over all the many points that he has made. He has set out a very clear picture of life not just in Manchester but in large parts of the north of England and the industrial midlands. My hon. Friend the Minister will recognise many of the things that have been said, and I think that you, Mr. Betts, will understand from your own constituency the descriptions that my hon. Friend the Member for Manchester, Blackley has put forward.

The reality of my constituency is as good a place to start as any. East Manchester, to which my hon. Friend referred, was probably the first area where the selective licensing process was brought into operation, and it is not hard to trace the reason. East Manchester went into very serious decline with the collapse of industry in the Thatcher years. We saw the decimation of the industrial base in that part of the city, and a dramatic change in the composition and social demography of the area.

The housing stock in the area was overwhelmingly classic northern English terraced properties. Some were owner-occupied, and a considerable number were owned by housing associations, which, at the time, played a disastrous role in the decline of the area. They had grand schemes to grow their stock without any real sense of how to provide for that stock. That led to a huge number of voids among housing association stock. The private landlords, who were already there in significant numbers, increased in that period. Some of them were perfectly good landlords who wanted to maintain both their properties and decent relationships between their tenants and the wider community.

To say that there is a link between poverty, certain types of housing, housing benefit and bad behaviour is simply not true. The overwhelming majority of people in east Manchester lived, and wanted to live, perfectly decent lives. The pressure for change came from not the Government at the time or the local authority, but the type of residents' groups to which my hon. Friend referred. Those are the people who said to me, "We need something to deal with the small minority of rogue tenants." Although the numbers of such tenants were small, they could do enormous damage to the community in those areas. That narrow and specific focus was the driver for the type of legislation that was brought in.

My hon. Friend was absolutely right to say that bringing in such legislation was a long, slow, painful process—from 1997 to the passing of legislation in 2004 and its implementation in 2006. It took far too long. The ambition was not complicated; it was fairly straightforward and obvious. The sad thing is—I am glad that the Minister does not suffer from this—that if the focus and the way of viewing the world is only ever through the lens of the south-eastern housing market, it will always get things wrong for places such as Manchester, the west midlands and Burnley. In that sense we must recognise that policies must be different for different parts of the country. There may be parts of London that have similar features to the north, so within those terms, my hon. Friend's request that we recognise the need for the process to be selective is very important.

Let me deal with the east Manchester of today. In 1997, it was an area people wanted to leave. They used to tell me, "We want to get out. We do not want to live here any more." Those who had the money or the opportunity to leave for other reasons, such as different types of tenancy becoming available, would get out. People who were left in the area were those who, for different reasons, were hanging on grimly. Sometimes they owned properties that had collapsed in value, due to the collapse of the local housing market. They were very good people who felt, quite rightly, embittered by what had happened. They felt that the public process—the public authorities, the council and the Government—had not helped them.

Therefore, east Manchester in 1997 was an area that people wanted to abandon. The long-term future for the whole community was touch and go, but then this Government came to power and invested huge sums of public money in the regeneration process. The area is now totally transformed and is unrecognisable compared with what was once there. That is a tremendous success because people now want to come into the area—it is a very different kind of area. However, there are still some features that mean we require the maintenance of the legislation.

On Sunday, I was talking to a number of people in east Manchester. One owner-occupier told me that he had lived in the area since the 1970s. He had wanted to get out in the mid-1990s but was now very happy with the area, although there were still problems. Huge numbers of terraced houses still exist in the area, as do private landlords. There are many good private landlords—that is always worth repeating—but the bad private landlords, or possibly even worse, the indifferent private landlords are the problem. They may live 200 miles away and see ownership of the property only as a form of cash generation, and have no sense of responsibility. Such landlords are often the root of the problem, and they still exist.

There is still a huge turnover of people in different types of tenancy in that part of my constituency. The underlying reality is that from time to time, tenants are moved in—sometimes they are owner-occupiers—who do not respect the rights of their neighbours, and we need a proper and sufficient legal process to deal with them.

My conclusion is the same as that of my hon. Friend. We need two things from the Minister. One is a commitment to look at the operation of the legislation as is. Although it works, it is cumbersome and complicated and it can be refined and made much simpler. As the hon. Member for Castle Point (Bob Spink) said a few moments ago, when we deal with the difficult neighbour—whether they are tenants of a social landlord, in council or housing association stock, or a private tenant or an owner-occupier—we need legal structures that allow rapid and effective intervention. Preferably that will be by giving the offender sufficient and clear warning in the first place that action will be taken. The action should be sufficient to ensure that, where appropriate, the tenant will be moved on.

The licensing scheme is part of that process, but it is not the only thing. We have other legislation to deal with such issues. The Government rightly brought in antisocial behaviour orders and different sorts of legal mechanics. The licensing of private landlords, which

reminds the landlord of their own duties, is very important. Such measures were never about double standards. Controls exist to make the social landlord operate—although not always—in a responsible way. To bring the private landlord into that frame of reference is a sensible and reasonable thing, so we need to look at the operation of the relevant legislation to make it less cumbersome and more efficient, and its operation a lot quicker.

The second thing that my hon. Friend the Member for Manchester, Blackley is right to ask for is some certainty about the continuation of the legal process. We need that certainty. My area is emerging every day, every week and every month from the terrible situation that it was in 10 or 12 years ago. If it is to continue to emerge from that situation, we will need that type of legislative control for some time to come. When the five years are up, the legal process will not be finished and my area will not necessarily be totally stabilised, so local people will still need to know that those legal powers exist. We need certainty about the ability to go beyond the period of five years.

Of course, in the end the most important thing is that this type of control should be delivered locally. There is no logic whatever in Whitehall, despite all its great benefits and so on, being the driver of the process. Sometimes, even the town hall can be a long way away from the communities that my hon. Friend and I represent, although we have a good and competent council that reflects on the needs of local communities. We must ensure that the power to maintain the process is kept at local level, both in terms of implementation and timing—let us unfetter it to ensure that it is effective.

10.11 am

Sarah Teather (Brent, East) (LD): I want to begin by congratulating the hon. Member for Manchester, Blackley (Graham Stringer) on securing this debate. I am surprised that it is not better attended, because issues relating to the management of private sector housing are important to every right hon. and hon. Member in the House. I think that it would be a struggle to find a Member of Parliament who had not discovered that a considerable part of their casework involved dealing with the types of issues that the hon. Member for Manchester, Blackley and his neighbour, the hon. Member for Manchester, Central (Tony Lloyd), raised during their contributions to the debate.

The hon. Member for Manchester, Blackley spoke specifically about the issues of bad landlords and the impact that those issues can have on entire communities, rather than just on particular individuals who are struggling with badly maintained property, which was a point that the hon. Member for Manchester, Central picked up. I must admit that I have encountered similar issues in my own constituency, usually with an overcrowded house in multiple occupation whereby the house ends up with lots of rubbish in the front garden and there is lots of noise. Such problems almost always seem to be associated with overcrowding issues.

The hon. Member for Castle Point (Bob Spink) spoke about the problems that he has seen in his own constituency relating to people on benefits trying to gain access to decent quality private rented sector housing, which is a point to which I want to return later in my contribution. In his opening remarks, the hon. Member for Manchester, Blackley said that of course it is not the case that not all landlords are bad landlords, and that much of the quality of housing in the private rented sector is very good. It is worth beginning with that point. MPs always end up with their views on this issue being skewed, because what always comes through their doors are complaints about the private rented sector. We see people who have problems with badly maintained property, and we have to deal with the issue of problem neighbours, but most people do not come to see their MP about problems with their landlord because they do not have problems with their landlord. It is worth placing on the record the point that both the Rugg review and the Government's response to that review highlighted the fact that something like two thirds of people in the private rented sector are quite satisfied with their property.

It is also worth placing on the record the importance of the private rented sector, particularly at the moment, as people are struggling to gain access to mortgages. It is inevitable that the private rented sector will play a bigger part at present and I think that it is healthy for the housing market overall that it does so. It is not a good thing to have a model that is focused wholly on affordable housing to rent in the social sector and on home ownership. There should be a better balance that includes the private rented sector. Indeed, when we talk about mixed communities and developments that are sustainable, we often focus on affordable housing for rent, low-cost home ownership and privately owned property, whereas private rented property should play an important role in those communities and developments.

Similarly, the hon. Member for Castle Point made a point, based on his experience in his constituency, about the difficulty of gaining access to affordable housing for rent. He said that the private rented sector ought to play a bigger part in providing housing for people who languish on waiting lists. In my constituency, they often languish on such lists for at least a decade. The hon. Members for Manchester, Blackley and for Manchester, Central both spoke about local selective licensing issues in their constituencies. They made very powerful points, as they said that there is no need for Whitehall to try to run those schemes. They can work very effectively on a local level, because they are designed to meet particular local needs. Both hon. Members made very powerful points about why those schemes have to be time-limited and I hope that the Minister will give them good news in that respect. Such time-limited schemes appear to be a very sensible way to try to deal with the type of local problems to which both hon. Gentlemen referred.

The Government have recently proposed a national registration scheme, which is the type of scheme for which the hon. Member for Manchester, Blackley has been campaigning. It is perfectly sensible that someone should know who their landlord is, or at least they should be able to find out who their landlord is. I do not see any reason why a landlord should not have to register their home address. Some of the frustrations that people experience in trying to deal with casework, either as a councillor, a Member of Parliament or as someone in a citizens advice bureau, when they are trying to deal with individuals who have difficulties with properties in a poor state of repair, stem from the problem of establishing direct contact with a landlord, who might be working through a managing agent.

[Sarah Teather]

There has been a wider debate about the extent to which the private rented sector should be regulated. In principle, I am quite sympathetic to some of the proposals in the Rugg review about a points-based system. However, I am quite anxious about how local councils are able to police such a system when they are already struggling to police issues related to HMOs through their enforcement processes. Local authorities around the country simply do not have the resources to police such a points-based system.

The registration scheme that was mentioned by the hon. Members for Manchester, Blackley and for Manchester, Central is, of course, different from the proposed national registration scheme, because the council in Manchester is right behind the scheme in the city, has signed up to it and wants to run it in the particular way in which it has been set up. That is very different from having a national registration scheme that is imposed everywhere as a one-size-fits-all solution. Inevitably, such a national scheme would run into difficulties if a local council did not experience the type of problems to which the two hon. Members referred, or if the scheme was badly designed or, as I have said, local councils simply did not have the resources to deal with such problems.

One point that was raised in the Rugg review was whether or not we should regulate agents and set criteria for the quality standard to which landlords must sign up before they sign up with an agent. By doing so, some of the burdens of regulation could be removed from local authorities. In their response to the Rugg review, however, the Government did not respond to that point, so I hope that the Minister will refer to it in his speech.

Having said that, regulation is not the only way to drive up standards in the private rented sector, and I want to make a few other points, both about issues that I was disappointed that the Government did not consider in their response to the Rugg review and about some recommendations in the review that they have implemented. First, on tax changes, it is not sensible that landlords should be able to realise the benefit of improving their property only when they sell it. It is much more sensible for them to be able to realise that benefit by offsetting the money that they have spent on such improvements against their income tax, rather than having to wait until they sell their property. The Government have sidestepped that issue and said that the Treasury will keep it "under review". I wonder what that means—perhaps the Minister could tell me.. Does it mean that the issue is under active review or that it is stuck on a shelf to be considered in 10 years' time?

The second thing that would clearly make a significant difference to the quality of housing in the private rented sector would be making it cheaper to undertake major repairs. A cut in the VAT rate for renovation and rebuilding would make a significant difference and enable landlords to improve the quality of their property. One thing that the Government have done, through the Homes and Communities Agency, is begin a process of trying to see how we can increase the amount of private investment in the private rented sector. Proposals to increase that type of investment are very sensible, if long overdue. Many of experts in the field have been arguing for a number of technical changes to real estate investment trusts, which might make a difference to the amount of private investment coming into the sector. In particular, they have argued for changes to the amount of money that needs to be redistributed to shareholders. Do the Government have any response to that?

Thirdly, the hon. Member for Castle Point raised the issue of access for constituents on benefits. It is an enormous problem that I suspect all hon. Members have met. The main reason why most landlords do not particularly want to take tenants on housing benefit or a local housing allowance is not quality; it is that they are terrified that if the tenants' income fluctuates, their ability to pay rent will stop, perhaps for an extended period, while the local authority decides what to do with the tenant's application. Having benefits suspended can take an awfully long time to fix, during which time rent is not paid.

Some local authorities have introduced schemes to deal with issues of access arising from the need to give deposits and pay rent in advance, but usually those schemes focus only on people whose need is an absolute priority or who are classed as statutorily homeless, so the vast majority of people who are on a very low income and languishing on housing waiting lists have no chance of accessing them. A number of schemes are out there to address such problems. The most interesting one is a fast track scheme in the south-east that is a mixture of underwriting and advice. The scheme pre-approves would-be tenants for local housing allowance. Hon. Members will realise that tenants cannot obtain approval for local housing allowance unless they have a contract in place, and cannot obtain a contract unless their landlord understands how much local housing allowance the tenant will obtain. In partnership with the local authority, the scheme works out the tenant's level of housing allowance by going through their income and then, through the underwriting scheme, by paying a small fee—a tiny portion of what a deposit would be, let alone a deposit and rent in advance—the tenant can guarantee that the landlord's rent will be paid, regardless of whether the local authority suspends their benefits or they default on paying rent.

The scheme addresses a lot of problems with access to the private rented sector. Most importantly, it has an impact not just on the individual, who can then access property, but on landlords with higher-quality properties who were previously unwilling to take people on benefits and are now willing to do so. The race to the bottom that tends to occur in the private rented sector is halted in areas where the scheme operates. Because people on benefits get access to properties higher up the ladder, the landlords at the bottom with very poor-quality properties are left without anybody to rent them to, which creates an incentive to improve the quality of the properties. It is an interesting scheme. As we are discussing local management, I encourage local authorities to consider it and decide whether they want to be involved in the scheme or whether they could work with local businesses to introduce similar schemes in their area. Local regulation of the private rented sector is not simply a matter of licensing; it is also about improving quality in the local area. Local councils have a role to play, but Government could do a great deal with the tax and financial changes that I have suggested.

10.23 am

Robert Neill (Bromley and Chislehurst) (Con): I join other hon. Members in congratulating the hon. Member for Manchester, Blackley (Graham Stringer) on securing this important, valuable and timely debate. All of us, representing as we do constituents in different parts of the country, have had experience of some of the difficulties that can arise in the sector.

It is important to recognise—I am glad that it has already been said—that the majority of private landlords are responsible, do a good job and contribute valuably to the mix of housing tenure in this country. It is important at the outset of such discussions to put the issues into that context, otherwise historical images can sometimes unfairly skew the reporting.

That said, it is of course necessary to ensure that standards are maintained. It is important, therefore, that whatever system exists is both proportionate and targeted. It is also right, as hon. Members have done, to put the debate into the context of some of the broader issues that arise in our more stressed communities. I note the point raised by the hon. Member for Castle Point (Bob Spink) about the difficulties that can arise with behaviour on some estates. That does not apply simply to the tenants of private landlords; many of us across the board encounter that issue, and it is important that it is tackled.

I take the point made by the hon. Members for Castle Point and for Brent, East (Sarah Teather) about the difficulties of access to accommodation for people on benefits. It will chime with the experience of many hon. Members here. It certainly strikes me that there is some perversity in a system in which constituents of mine who qualify for benefits, on the face of it, have difficulty just getting into the system so that their deposit can be made available and they can enjoy a degree of security to assure their responsible private landlords that they will be able to pay. They have to contend with a pretty rigid bureaucracy. Although it is not directly the Minister's responsibility, I know that he will take that point back to his colleagues.

I find it strange that, for example, more than one individual in my constituency has come along whose circumstances have undergone virtually no change, as far as one can see, but who has had, in the course of a year, about three contradictory calculations of their benefit entitlements. When they try to pursue the matter, they are referred not to the local office in Bromley, where they could have day-to-day contact, but to the rather distant one in Stratford, which is the other side of the river and a long way away. They are told to ring a helpline, which generally gives them a recorded message, and they do not get a response. It is a frustration for vulnerable people. I think that Members from all parties would want to ensure simply that things work better within the available parameters.

To return to the licensing system, there are some interesting questions about the way forward. I note the point raised by the hon. Member for Manchester, Blackley about the need to deal with specific areas and the philosophy behind the initial intention, and I know that the hon. Member for Manchester, Central (Tony Lloyd) supports it. Our view is that any approach should be proportionate and sensibly targeted. I do not have an issue with that. I had a pleasant trip to Manchester, for obvious purposes, not too long ago, but I am conscious that despite the changes visible in the centre of Manchester areas of difficulty remain, as in London.

Against that background, I want to ask the Minister about the Rugg review, to which reference has been made. I notice that the review's consultation had a couple of questions relating to selective licensing against criteria beyond those that exist at the moment; for example, in areas with low energy efficiency or health and safety ratings. That is fair enough, but my experience is that a lot of stakeholders have said, "It's difficult to answer that fully when we don't have the best available evidence base."

In particular, what has happened to the report commissioned by the Building Research Establishment? The Department for Communities and Local Government said that it would be published back in April. The purpose of the report was specifically to evaluate the various forms of licensing, but we have seen nothing of that. It seems strange to move on to the Rugg review without first having published the BRE report to provide an evidence base. That was the whole point, and it is the best starting point. Has the Minister seen the report? Why has it not been published, and when will it be published?

As far as one can see from the statistics available, there is a patchy pattern to how local councils are using their current power. As the hon. Member for Brent, East said, it might be a question of resources, or there may be a number of underlying reasons, but it gives further grounds for wanting the best evidence base from the BRE report. The length of time taken seems to have varied. Given that we all agree that the approach should be both targeted and proportionate, it is striking that according to the figures that I have seen—this comes from the DCLG's 2008 regulatory simplification plan—just 107 licence applications have been refused so far in England, but the system has cost landlords alone £87 million, and on top of that there must be costs to the local councils. We ought to be sure that we are getting the best possible value and that the system is as targeted and proportionate as we would all like. Will the Minister examine whether it is working as efficiently and cost-effectively as possible?

I accept that we should look for ways to improve access to funding for the private housing market. I endorse the comments of the hon. Member for Brent, East on real estate investment trusts. What is the Government's view on that point?

I believe that we are at a stage where we can sensibly review these matters. Will the Minister assure us that whatever the Government's proposals, they will maintain the principles of proportionality and targeting to ensure that help is given where it is appropriate? The interventions must not bear disproportionately on the private rented sector, because it provides flexibility and is likely to produce more flexibility in the future.

My experience and that of many hon. Members is that people require different kinds of tenure at different stages of their housing journey. As a student and a young lawyer, I lived in private rented accommodation before getting my foot on the housing ladder. That is a pattern that many people recognise. We support the bridging of the gap by encouraging intermediate forms

[Robert Neill]

of tenure that get people into a housing purchase mode more easily. However, there is still a valuable and important role for the private rented sector.

The role played by the private rented sector varies from place to place, and a one-size-fits-all model is not appropriate. My constituency is in a London suburb, where there are two types of private rented accommodation. The old terraced accommodation in the centre of Bromley would be recognised by other hon. Members who have spoken. However, there is also private rented property at the opposite end of the scale. People who come to the UK to work in the City of London on contracts of only two or three years often want to live in the traditional suburbs. A one-size-fits-all model is therefore not appropriate.

I hope that the Minister will deal with my points in his response.

10.32 am

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Ian Austin): It is a pleasure, as always, to serve under your chairmanship, Mr. Betts. Given your expertise on this issue, I am pleased that you are sitting up there and not down here asking me difficult questions.

I congratulate my hon. Friend the Member for Manchester, Blackley (Graham Stringer) on securing this debate. Anybody who listened to his speech will recognise his expertise on these matters. He should be congratulated for the determination with which he has fought to tackle poor housing throughout his political life and for the impact his campaigning had on the Housing Act 2004.

I am grateful for the contributions of other hon. Members. My hon. Friends the Members for Manchester, Blackley and for Manchester, Central (Tony Lloyd) set out in stark detail the impact that bad landlords have had in Manchester. The situation they describe is unacceptable. We should not tolerate bad landlords exploiting the poorest people in Britain. They make the lives of their tenants and others in the community a misery, while lining their own pockets with housing benefit. I have no hesitation in saying that we should be determined to drive such people out of the market.

The hon. Members for Castle Point (Bob Spink) and for Bromley and Chislehurst (Robert Neill) raised the problems that their constituents who receive housing benefit have in finding accommodation in the private rented sector. As the hon. Member for Bromley and Chislehurst said, that is the responsibility of the Department for Work and Pensions, which has been improving the administration of the system to make payments more reliable. In the past, delays have led to landlords not wanting to let to tenants in receipt of housing benefit. Landlords can choose whom they let to, and that is a business decision. Many landlords specialise in letting to people in receipt of housing benefit, although some are prevented from doing so by their mortgage conditions. I am happy to meet the hon. Member for Castle Point to discuss the matter in more detail.

With her customary eloquence and expertise, the hon. Member for Brent, East (Sarah Teather) discussed the contribution that the private rented sector makes to the economy. I welcome her remarks on the Rugg review. Decisions on VAT are a little above my pay grade, but I will pass on her comments. I will write to her about real estate investment trusts. The hon. Member for Bromley and Chislehurst asked about the BRE report, which will be published shortly along with further guidance on licensing of houses in multiple occupation.

This has been a great opportunity to debate the need for local regulation of private landlords. It is timely, as we are considering the responses to our consultation on the proposals we put forward earlier this year, following the Rugg review, on improving standards and professionalism across the sector. This is also an opportunity to look at the role of local authorities in licensing privately rented properties and exercising enforcement powers.

There are almost 3 million private tenants in this country. The private rented sector is vital in providing choice and flexibility at all levels of the housing market. We want to encourage a system that retains the flexibility for those living in the sector and that embraces greater professionalism without creating unnecessary burdens on landlords. We want a professional, high-quality private rented sector that is aware of its responsibilities to tenants and the wider community, while retaining the freedoms and flexibilities it needs to grow.

Achieving the right level of regulation is crucial if the sector is to operate effectively and successfully. The system of assured and assured shorthold tenancies in the Housing Act 1988 was designed to achieve a fair balance between the rights of landlords and tenants. However, problems in the sector remained, particularly in relation to the management of the poorest quality stock, which is often occupied by the most vulnerable tenants. That led to the changes in the 2004 Act for which my hon. Friend the Member for Manchester, Blackley campaigned.

The problems with the poorest-quality stock can have a significant and devastating impact on the quality of life for those who live in poor neighbourhoods. Through the 2004 Act, our strategy was to improve health and safety and to tackle the main abuses in the system. It introduced a range of initiatives to improve management standards and the condition of privately rented accommodation. In bringing forward the legislation, we took a measured view on the appropriate amount of regulation for the sector and empowered local authorities to act to secure decent standards on a statutory and voluntary basis.

The 2004 Act introduced the mandatory licensing of larger, higher-risk HMOs. Landlords who manage properties of three or more storeys that are occupied by five or more people who form more than one household require a licence from the local authority. We targeted those properties because HMOs—particularly larger ones—are often in poor condition and represent a high risk to the safety and welfare of the occupants. The 2004 Act provides for two forms of discretionary licensing: additional HMO licensing and selective licensing of all privately rented property in a designated area.

Where local authorities have identified problems with management and property condition, they have the discretion to introduce additional HMO licensing schemes to cover smaller HMOs, which do not meet the mandatory HMO licensing criteria. Local authorities may also introduce selective licensing schemes to cover all privately

rented property in areas that suffer from or are likely to suffer from low housing demand or that suffer from significant and persistent anti-social behaviour—precisely the problems identified by my hon. Friends the Members for Manchester, Blackley and for Manchester, Central in their contributions.

So far, approval has been given to two local authorities to operate additional licensing schemes and to 11 local authorities to operate selective licensing schemes. Those schemes mean that local authorities can impose conditions on licences, such as requirements for licensed properties to be occupied by a specified maximum number of occupants, and ensure that adequate amenities are in place. In addition, private landlords will need to be identified as being fit and proper in terms of their suitability to manage the property. A breach of a licence condition is an offence subject to a fine of up to £5,000 and, if a licence has not been obtained, managing or letting a property that requires one could result in a maximum fine of £20,000.

My hon. Friends have clearly worked closely not just with my predecessors and the Minister for Housing, the right hon. Member for Wentworth (John Healey), but with Manchester city council in implementing the licensing provisions in Manchester and in obtaining the approval of the Department for Communities and Local Government to operate selective schemes in Harpurhey, Bradford and Gorton wards. My hon. Friends have successfully demonstrated that their schemes fit with the overall strategic approach on tackling problems in the local private rented sector, and I congratulate them and the city council on their work.

On the question of where the balance of decision making should lie in relation to central and local government, I want greater flexibility across the range of services that our Department oversees, and greater freedoms and flexibility at local level. My hon. Friends will know—they been intimately involved with discussions on this—that Manchester, as well as other local authorities in the region, has further proposals to extend licensing to other areas. My Department is working closely with the Association of Greater Manchester Authorities to develop a protocol framed within existing legislation in order to ensure an efficient and effective approval process for future licensing schemes.

There were two specific questions about that, one of which was why should we not completely delegate those powers to local authorities. The nature of consent regimes means that they are constantly under review and we would therefore not rule that out. While the regime is relatively new, it is important that the Department is able to check that the proposals comply with the criteria set out in the legislation. My hon. Friend the Member for Manchester, Blackley also asked whether I would confirm that licences could be extended if necessary. As he said, approval schemes last a maximum of five years, but I can confirm that licensing schemes can be extended and that they continue in force after their initial date if problems are still manifesting themselves. I hope that he will be satisfied with that assurance.

Graham Stringer: I am extremely grateful to the Minister for that response—indeed, that is what the Minister for Housing told me—but the advice I am getting from officers in Manchester city council is that such an extension is not possible without changes in primary legislation. Will my hon. Friend expand a little on the basis on which the time period could be extended? Again, I thank him for the commitment he has given.

Mr. Austin: I do not want to be prescriptive. We want to work with my hon. Friend and his colleagues at Manchester city council to enable them to tackle the problems in those areas. Although we must ensure that licensing schemes are operating in line with the criteria set out in the legislation, we want to learn from what is happening on the ground, what he sees happening locally and the experience of local authorities, such as Manchester city council. My right hon. Friend the Minister for Housing and I look forward to continued discussions with my hon. Friend, Manchester city council and other local authorities on the issue.

Tony Lloyd: The fundamental point is that if the advice my hon. Friend the Member for Manchester, Blackley has received from our local authority is right and there is a need for change in primary legislation, we must have certainty about the direction of travel, as we are obviously now some way into these licensing schemes. I do not expect the Minister to give an answer this morning, but will he consider whether we need legislation? Perhaps he will write to those who have taken part in the debate to confirm that point. Clearly, if primary legislation is needed, we should all look for a vehicle through which that change could be made.

Mr. Austin: Of course, I am happy to write to Members and set out the matter in more detail. The advice I have been given indicates that schemes could be extended. I will consider the matter and come back to Members with more information.

The hon. Member for Castle Point raised issues about safety in the private rented sector. The Housing Act 2004 introduced the housing health and safety rating system—HHSRS—under which local authorities can make a risk assessment of the likely impact of property condition on occupants of privately rented accommodation. If hazards are identified, the local authority has a duty to take the most appropriate action in relation to the hazard. In the most severe cases, it can issue prohibition orders, the effect of which would be to close all or part of a property. Private landlords who fail to comply with such notices can be subject to a fine of £5,000.

Although I expect local authorities to take a robust approach to the tools and powers available to them to tackle management standards in the private rented sector, we are keen to ensure that they see the provisions of the 2004 Act as a way of developing partnerships with good landlords. Doing so will enable them to play a full part in meeting housing need through raising both the physical standard of the property and the management standards. That is particularly necessary because we are concerned about the most vulnerable tenants.

The hon. Member for Brent, East raised the issue of deposit schemes, which is one of the other key measures in the 2004 Act. The requirements are for landlords to protect their tenants' deposits in a Government-authorised scheme. Those arrangements are designed to safeguard the interests of both landlords and tenants, and to ensure good practice in deposit handling, so that when a tenant pays a deposit and is entitled to get it back, he or she can be assured that that will happen.

[Mr. Ian Austin]

As I have mentioned, through the 2004 Act, the Government have acted to tackle the areas of greatest risk within the sector. Although the measures in that Act started to drive improvements, a range of bodies, including the Law Commission, Shelter and the citizens advice bureaux, continued to express concerns linked to proposals for further change. Against that background of progress on the ground and ideas for further improvement, we decided to commission an independent review of the private rented sector from Julie Rugg and David Rhodes of the university of York. As has been said, that review was published in October 2008 and highlighted the positive aspects of the sector: most landlords are good and the vast majority of tenancies begin and end with no issues arising for either party.

However, the review also identified weaknesses. Although most landlords are well-intentioned and deliver a good service, some simply do not view themselves as landlords. A minority are ill-intentioned, often deliberately exploit the most vulnerable and allow antisocial behaviour to become rife, as has been said in the debate. The review also found that local authorities are not always able to focus their resources to enable them to use the extensive enforcement powers in the 2004 Act against the worst landlords.

The Government's response to the review for consultation, which we published in May, sets out our ideas for major changes to further improve the private rented sector. We have been very encouraged by the positive reaction to the proposals, having received more than 250 responses. We are now considering those responses and will publish the results of the consultation in November.

Let me go through the main measures that make up our proposals. First, we propose to introduce a national register of every private landlord in the country to increase protection for both vulnerable tenants and good landlords. Landlords would need to include their registration number on all tenancy agreements, and they could be removed from the register if they failed to comply with the required standards. A register would enable us to identify bad landlords and to get them out of the market if they were unwilling to improve their behaviour.

Secondly, we propose full regulation for private sector letting agents. Letting and managing agents have a vital role in the private rented sector but do not currently need market expertise or professional credentials, while tenants and landlords have no realistic redress when things go wrong. To tackle those problems, the Government propose to set up an independent regulator to oversee all letting and managing agents.

The third proposal is for improved complaint and redress procedures for tenants. For the first time, the Government will look to set up a mechanism whereby tenants are able to register official complaints about substandard landlords. If those complaints are upheld, landlords might be removed from the national register. Fourthly, we propose that there should be greater local authority support for good landlords, as well as action against poor-performing landlords.

Our proposals will provide greater support for landlords and letting and managing agents, alongside better consumer protection for tenants. Local authority enforcement activity will be enhanced and more focused, and local authorities will be encouraged to create local lettings agencies to better facilitate tenancies in the private rented sector for those in housing need, including housing benefit recipients. Local authorities will also be encouraged to ensure that their staff receive training to help them to resolve issues between tenants and landlords and to sustain successful tenancies for some of the most vulnerable members of the community.

Alongside our proposals for a national register of all landlords, we want there to be improvements in professionalism, and encouragement for those who aspire to higher standards. The most obvious way of doing that is through access to accreditation schemes. For several years, many local authorities have run successful schemes for their landlords, offering training and sharing good practice and experience through forums, as well as having a clear quality kitemark for potential tenants. I know that Manchester city council operates such a scheme, which gives tenants assurances about the standard of service that they can expect and gives landlords who belong to the scheme a market advantage.

In conclusion, we are confident that the package of measures I have described will be key to securing the improvements in quality and professionalism that we seek. They represent a sensible balance between providing support for good landlords and providing the tools that local authorities need to deal with poor landlords. Support for the sector is ever more important in the current financial climate, which has underlined the vital role that the sector plays in providing for the housing needs of a wide range of households. We are grateful to all those who have responded to the review, and to all hon. Members who have taken part in today's debate, for their constructive input to the ongoing process to drive up standards in the private sector. We will continue to develop our proposals and take them forward in the next few months.

Conservation Areas

10.53 am

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): I want to raise an issue concerning the Planning (Listed Buildings and Conservation Areas) Act 1990. The problem is best illustrated by explaining to the Minister the plight of residents of the Moor Pool estate in the heart of my constituency. The estate is an early example of a garden suburb. The aim was to build an estate of modern, well-built houses of various sizes, which would attract a cross-section of the community, based on co-partnership principles. At that time, Birmingham was plagued by slum dwellings, typified by the back-to-backs, which came about as the city developed rapidly as an industrial centre. John Nettlefold, the then chairman of the Birmingham housing committee, wanted to demonstrate that there was an alternative way forward, and so he turned to the principles of the garden city movement.

The Moor Pool estate was not intended to house a particular employer's work force, as was the case with Bournville and Cadbury's, but was to serve Harborne and Birmingham in general. It has 500 houses, a community hall with sports amenities, open spaces and allotments, and it has remained almost intact for more than 100 years. English Heritage has described it as

"very significant architecturally and historically",

and as an "exceptional survival".

Over the years, people have bought their own properties on the estate, while others are still tenants. Indeed, some tenants are relatives of the first occupants in 1907. The estate has changed hands, too, from owners who cared for the fabric of the community and ensured that it was maintained, to the current owner, Grainger plc, which clearly does not share that approach. Grainger's annual report of 2007 is amazingly explicit about how it views estates such as Moor Pool with regulated tenancies. It says that they give

"predictable vacancies and therefore sales as our tenants get older."

It continues:

"On vacancy we sell the properties to realise both the discount (which we call reversion) and any house price inflation from the date we originally bought them. We therefore realise high margins on sale."

The report also observes that

"these properties are typically unmodernised and appeal to first-time buyers and those hoping to create value on renovation. This keeps them in demand."

For Grainger, ownership of the estate is not about maintaining a community, but about waiting until tenants die so that it can sell unrenovated properties at high margins. That is what it is doing. The results of years of neglect are there for everyone to see in the communal areas such as garages and allotments. To add insult to injury, Grainger has made a planning application to fill in with new build. Despite the coherent and united opposition of local people and their residents association, which is supported by English Heritage, the planning application for 12 houses has been granted by Birmingham city council.

Something has gone wrong. I am concerned about the future of the Moor Pool estate, about the process involved in granting the planning application, which seems to have given no regard to local opinion, and about the future of other conservation areas. The continued attempts of local residents to protect the estate seem to have failed. The estate was granted conservation area status back in 1970, and one of the first issues that I got involved in as an MP was supporting residents such as the late Ken Abbott in attempting to obtain the enhanced protection that an article 4(2) direction seemed to offer. After years of pushing Birmingham city council, the direction finally came into place in December 2006. Alas, however, the protection is limited; above all, it does not apply to new developments.

We thought that the Planning (Listed Buildings and Conservation Areas) Act might come to the rescue. Section 71(1) clearly states:

"It shall be the duty of a local planning authority from time to time to formulate and publish proposals for the preservation and enhancement of any parts of their area which are conservation areas."

That meant that Birmingham city council had a statutory obligation to produce a character appraisal, but as for the question of when this should happen, the Act tells us only that it has to be "from time to time". The character appraisal matters, because it determines how planning applications should be considered. The appraisal was particularly important in this case because of the added requirement, under the legislation, for publication and public consultation. The strength of feeling on the Moor Pool estate in opposition to the plans is palpable, and it could not have been ignored by the council if it had been expressed through the character appraisal process.

I invite the Minister to comment on the following points. The case officer who recommended approval for the building of 12 new houses in the heart of the Moor Pool estate said in his report that he noted section 71, but that the words "from time to time" indicate that an appraisal may not always be in place. He also referred to English Heritage's guidance, which states:

"Ideally, an appraisal should be prepared prior to designation; but, for many existing conservation areas, this will not have been done."

The case officer said that his planning solicitor did not therefore consider that there was an absolute duty to carry out an appraisal before conservation area designation. He went on to say that the solicitor did note, however, that planning policy guidance 15, "Planning and the Historic Environment", requires local planning authorities to set out their policies for conservation areas in their development plans. He also acknowledges that Birmingham's unitary development plan refers to character appraisals in paragraph 3.27, "Conservation Areas", which states that

"Character Appraisals and Management Plans will be prepared for all of the City's Conservation Areas."

That is clearly an ongoing process, as it is at Moor Pool, where work on the appraisal and management plan is progressing.

We have received confirmation that a commitment from Birmingham city council to prepare appraisal and management plans for all its conservation areas does exist, but I wonder how it would define the word "progressing". Is it progressing after 39 years of being a conservation area; progressing after 19 years of having had a statutory duty; or progressing three years after

[Ms Gisela Stuart]

the application of an article 4(2) direction? What speed of progress does the council have in mind? I cannot resist recalling the opening passage of "The Hitchhiker's Guide to the Galaxy", in which the Vogon constructor fleet descends on earth to destroy the planet and the commander points out to the complaining earthlings that the planning application had been available on Ursa Minor for at least 50 of their earth years.

Despite contacting both the chief executive of Birmingham city council and the leader of the council, Councillor Mike Whitby, who incidentally is one of the three local councillors representing Harborne and the Moor Pool estate, we still do not have a firm date for the character appraisal. That also raises the question of the role that local councillors can and should play in that process. Planning is and should be a local decision. With regard to the Moor Pool estate, Councillor Whitby could have argued that he did not think that it was appropriate for him to comment on a planning application, which I would have been perfectly prepared to accept. However, that argument simply does not hold, given that only six weeks ago, he found it appropriate to object to the opening of a new café bar on Harborne High street. He also chaired the Moor Pool conservation area appraisal and management plans steering group in December 2006, even though it would have been perfectly all right for it to be chaired by the head of conservation. There was therefore plenty of time and opportunity for local councillors to speed up the process and get the character appraisal done in time, but that clearly did not happen.

English Heritage also objected to the development. In its judgment, a key aspect of the estate's character was that many of the spaces were of good quality, and should be treated as an integrated system in the consideration of development proposals that affect them. In July this year, Grainger's application was approved by the council and its planning committee. Conservation area status, objections from English Heritage and overwhelming objections from the local community—none of it mattered. The builders won and the people lost.

The process also highlighted a number of what I will call stock excuses used by the planners to support property developers. The argument goes something like this: the Government have a clear policy to increase the housing supply and want to encourage the use of brownfield sites in cities. Even back gardens are defined as brownfield sites, so any local authority faced with a planning application by a developer, even if it is in a conservation area, is caught between a rock and a hard place. They have a duty to increase housing stock and so have to say yes. If it is in a conservation area, they simply describe it as permitted development. Would the Minister respond to that point, because that should not be the case? In particular, does she agree that the law could be strengthened by the following proposals: that an article 4(2) direction should apply to all aspects of properties in a conservation area, unless specifically excluded, and not just to those visible from the highway, waterways or open spaces; and that there should be a mandatory requirement for character appraisal to be completed within 12 months of the introduction of an article 4(2) direction, with only limited and defined planning applications being determined in the meantime?

The next argument I came across is as follows: while local authorities have the power to reject planning applications, it is difficult and expensive to do so. The developers appeal, eventually get their way, and the council wastes taxpayers' money by refusing in the first instance. One local councillor went even further and suggested, "If you turn too many of those down, you'd soon find yourself being personally charged for the costs." Would the Minister confirm that a councillor properly exercising his or her function when considering a planning application does not run the risk of being personally charged with the cost of an appeal? Objectors should have the same right of appeal as applicants. Planning officers and committee members make mistakes, so it is not equitable that only the applicant can appeal against the decision.

The planning application that was approved by Birmingham city council included development on, and the consequent loss of, allotment spaces, for which there is an acknowledged demand. The application was granted, despite the fact that it has no regard for the council's unitary development plan and was contrary to its cabinet decisions of 29 June, which fully supported the measures of the Sustainable Communities Act 2007, which included a concern to increase local food production by, among other measures, allowing more allotments, and that was pointed out to the planning committee at the time. Would the Minster not agree that it is perverse for a planning committee to arrive at a decision within a matter of days that is contrary to its council's own policies?

Where do we go from here for the Moor Pool estate? The residents have been failed by the council, which did not prepare a character appraisal in time, despite having more than 19 years to do so, that would have constrained a planning application. The council claims to have a clear commitment to produce character appraisals for all its conservation areas, but so far it has done so for only nine of its 28 conservation areas. The council can clearly do that quickly if it wants to, as it did with the application for Digbeth. In the case of the Moor Pool estate, it seems that even if the leader of the council himself chairs the steering group, nothing much gets done. I urge the Minster to look again at the 1990 Act. Surely it cannot be right and equitable for an Act to impose a statutory duty without being more specific about when that duty should be performed—"from time to time" is just not good enough.

11.7 am

The Parliamentary Under-Secretary of State for Communities and Local Government (Barbara Follett): I congratulate my hon. Friend the Member for Birmingham, Edgbaston (Ms Stuart) on securing the debate. The historic environment is a very important subject indeed, and one that is at the heart of the Government's planning policy. I also commend her for the active interest she takes in the historic environment within her constituency, particularly with regard to the Moor Pool estate. It is, as she rightly says, an early example of that peculiarly 20th-century manifestation, garden suburbs, which can be extremely charming and deserve to be conserved.

As she will know, I cannot comment on the specific problems that the residents of the Moor Pool estate are having with Birmingham city council. Individual and specific planning issues, such as the one she has described

extremely well and so forensically today, are a matter for local government rather than national Government. I believe that that is right, because accountability for planning decisions must rest at the local level—in other words, with the council that takes the planning decisions. That accountability is exercised through the ballot box, and it is right that it is exercised through the local rather than the national ballot box. In other words, people have to live with the consequences of their decisions locally.

However, I can give my hon. Friend the legal context within which Birmingham city council must operate when making those decisions, which is a matter for national Government. As she will know, that context is changing. On 24 July this year the Government issued a consultation paper on our new planning policy statement for the historical environment, and I urge her to submit as part of that consultation the points she has so ably made today. Her points about timing are absolutely crucial: one can have a duty, but if it does not have to be exercised for 39 or perhaps even 49 years, what is the point of it?

The new planning policy statement is designed to replace the present PPG15 on this subject, and also PPG16 on archaeology and planning. As those policy guidance documents were first issued in 1994 and 1991 respectively, the importance of the consultation on the Government's first new policy statement for 15 years cannot be overstated. My hon. Friend's Adjournment debate is consequently very timely.

As my hon. Friend knows, the main legislative measures for protecting conservation areas are set out in primary legislation, some of which she mentioned. Under that suite of legislation, local planning authorities have a duty to determine which of their areas have architectural or historic interest, to designate them as conservation areas, to formulate and publish proposals for their enhancement and preservation and, most importantly—going back to local accountability—to put proposals to the public whom they serve so that their views can be taken into account.

There are other measures which, for the sake of brevity, I shall skip over—I know that my hon. Friend is aware of them. Taken together, they include not inconsiderable obligations and ensure that a mechanism for protecting conservation areas is in place.

My hon. Friend accurately raised concerns about the progress being made on character and management appraisals—in this case, by Birmingham city council. They must be raised and dealt with locally, but they could also go into the consultation on the new measures that the Government are in the process of putting forward. Again, I shall glide over some of the extra stuff in my brief.

There are more than 9,000 conservation areas in England. They contain a wide range of buildings and places of architectural or historic interest. Again, it is very much a matter for local decision making which areas should be designated as having special interest, and how best they should be preserved and conserved, particularly as there are as many as 9,000.

Ms Gisela Stuart: May I also put on the record that the local residents' association prepared much of my speech and has done a great deal of hard work? It has put up an amazing case of objection without being heard properly. We were told that the record of having management and appraisal plans for only nine out of 28 conservation areas was not unusual, and that a vast number of local authorities with conservation areas are really dragging their feet on coming forward with proposals. Would the Minister like to comment on that, or would she drop me a note if she does not have figures on hand?

Barbara Follett: I would like to comment on the active role that the residents' association is taking, for which it is to be commended. I urge it to exercise its democratic duty and rights, and submit something to the consultation.

There is no statutory obligation to have character appraisals, although English Heritage recommends one prior to designation and as frequently as needed thereafter. I urge that that, too, be included in a submission to the consultation. Obligation is very much locally defined, so again this is a local problem and local pressure is needed to get the definition included.

As I said earlier, central Government intervene in individual cases involving conservation areas only in those rare instances where there are implications of more than local interest—for example, an area such as Stonehenge, which has huge national implications. We try, as far as possible and for all the reasons I have given, to leave matters to local decision making, because local people know best what suits them.

The Government's approach to conservation areas is based on positive management of change, so that the particular special interest and character—my hon. Friend outlined that so well in respect of the Moor Pool estate—that led to an area being designated in the first place is not harmed. If a planning authority is considering taking a decision that could affect a conservation area's special interest, it is vital that it engage local opinion. That is a legal requirement but also a requirement of good management and, most importantly, of democracy. That is what democracy is about—the people, the demos, deciding.

Central Government recognise that local planning authorities are under a variety of pressures—in some cases, competing pressures—to deliver on several fronts. They must address the housing shortage, provide the infrastructure to support new housing and meet the challenges of climate change. Those are difficult demands, even in easy economic times. They are even harder in difficult economic times.

There has been a radical shake-up of the planning system in recent years. In response to my hon. Friend's question about the article 4(2) direction, we keep permitted development requirements under continual review and can certainly consider her request, which is interesting. Again, I urge its inclusion in the response to the consultation.

The 2007 planning White Paper—I had the pleasure of serving on the Committee that led to the Planning Act 2008—was followed by the Killian Pretty end-to-end review of the planning application process, which was much needed. I hope that those changes have made the system better able to meet present and future challenges, but it is important that meeting challenges be not undertaken at the expense of protecting the historic environment. Until three weeks ago, I was the Minister for culture and heritage, and I have a strong personal and professional interest in the preservation of our heritage.

[Barbara Follett]

The publication of the consultation draft of the new PPS confirms the Government's commitment to conservation of the historic environment. When it is finally produced, it will be a much more focused document that will set out core policy principles on how the planning system should take account of the historic environment. It will be supported by draft guidance produced and prepared by English Heritage. The guidance is being consulted on at the same time, as part of the consultation package.

The principles that guide the new PPS are brigaded under the three Government objectives for planning for the historic environment: we have to apply the principles of sustainable development to proposals involving the historic environment; we have to conserve and, where appropriate, enhance England's heritage assets in a manner appropriate to their significance; and we have to contribute to knowledge about and understanding of our past. Those three good principles will guide the new PPS, which will also emphasise the need to establish the significance of an historic asset. I can see that being useful regarding the need for character appraisals. Significance is defined as the value of the place to this and future generations because of its heritage interest, whether archaeological, artistic, architectural or historic. It is only when the significance of the asset has been established that sensible policies can be devised to conserve the asset, and sensible decisions taken on proposals that might impact on its significance. The draft PPS recognises that establishing significance is particularly important for larger historic assets—conservation areas or world heritage sites, such as Ironbridge or Stonehenge—because their different elements make differing contributions to their significance.

The consultation period runs out on 30 October, so I have given my hon. Friend and the residents' association just a small window of time in which to prepare their arguments and put them into a consultation that will shape policy for the next decade.

I should like to leave my hon. Friend with the following messages. Planning for the historic environment is a Government priority that is underlined by the concern and care that we are putting into the new PPS. The legislation is there to help preserve and enhance conservation areas already in place. Most importantly, the onus is on each local planning authority to devise the policies needed to ensure the protection of its conservation areas. Those authorities have a continuing obligation to do this, because proper protection does not begin and end with the designation of an area: it is a work in progress. Planning authorities must involve the local community when developing suitable policies and determining planning applications. Only by doing this can a true sense of ownership and a true sense of place be achieved.

I wish my hon. Friend the very best of luck.

11.21 am

Sitting suspended.

English Libel Law (Parliamentary Proceedings)

[MR. ROGER GALE *in the Chair*]

2.30 pm

Dr. Evan Harris (Oxford, West and Abingdon) (LD): I am pleased to have secured this debate, which deals with some important issues: parliamentary privilege, the reporting of Parliament, the use of prior restraint in actions relating to libel and, indeed, confidence, the use of so-called super-injunctions that impose restraint on the reporting of the existence of such injunctions, the extent to which public interest is engaged when such injunctions and super-injunctions are issued, and the general approach of libel laws in particular, bound up as they all are. I draw the Chamber's attention to my membership of the international board of Article 19, which campaigns for press freedom around the world.

In the run-up to this debate, I convened helpful meetings with *The Guardian* and Carter-Ruck solicitors, which several hon. and right hon. Members in the Chamber—as well as Members not here—attended, and we had a useful discussion. I record my gratitude to those people who came to those meetings from Carter-Ruck and *The Guardian*. I particularly thank *The Guardian* for its assistance in providing me, other hon. Members and members of the public with background details of the case. I also thank Carter-Ruck for acceding to a request to provide us with the correspondence from its point of view between the dates of the initial injunction and the second injunction.

It may be useful to run briefly through the chronology of events that led to last week's point of order, and of which we are all aware. I will not go into them in detail, because other hon. Members may wish to do so—and I know that many of them want to speak—so I shall try to keep my comments as brief as possible. An injunction was issued by Justice Maddison on Friday 11 September, effectively preventing *The Guardian* from publishing what it had—a copy of the Minton report relating to the alleged impact of Trafigura's dumping of toxic waste in the Ivory Coast. I imagine that it had a number of other documents as well. Not only was that injunction issued but it had a super-injunction aspect, which meant that it was effectively anonymised, and the respondents were prevented from reporting the existence of the injunction itself. The application was pursued and extended on 18 September. Things changed on 12 October, when *The Guardian* wrote to Carter-Ruck, which was acting for Trafigura, alerting it to the fact that a series of written questions had been tabled by the hon. Member for Newcastle-under-Lyme (Paul Farrelly), and indicating that it wanted to publish them, either because they were in the public domain or—and I am not giving *The Guardian's* view here—because they should not be covered by the injunction itself, being the reporting of parliamentary proceedings.

Carter-Ruck solicitors wrote back on 12 October, objecting to the publication. They stated that the matter was not urgent, and their view that the questions themselves had not placed the contents of the Minton report in the public domain, so that certainly should not be covered. They also stated in a letter to Mr. Speaker their view that publishing the parliamentary questions would place

The Guardian in contempt of court, because of the order that prevented—injuncted—the publication of the existence of the injunction, which was the subject of the parliamentary questions tabled by the hon. Member for Newcastle-under-Lyme.

Extended correspondence over the next two days between *The Guardian* and Carter-Ruck resulted in agreement that a variation to the order would be sought to exclude reporting of parliamentary proceedings. By that time, *The Guardian* had been prevented on at least one occasion from publishing what it wanted to publish, which was at the very least the existence of the parliamentary questions and what they contained. A number of things flow from that, and I want to cover them briefly. The first is whether an injunction can prevent a matter from being debated in Parliament and/or the reporting of matters in Parliament. The second is whether Carter-Ruck's approach in its correspondence was appropriate to what many hon. Members believe to be the position—that the reporting of Parliament should be freely, truthfully and fairly reportable without any intervention or restriction by the courts or any other party. The third concerns super-injunctions, their frequency, and whether judges are considering the wider public interest when granting injunctions or super-injunctions. The fourth is whether libel laws in this country are too wide, a matter to which the Lord Chief Justice no less referred yesterday.

Mr. Denis MacShane (Rotherham) (Lab): I am grateful to the hon. Gentleman—I might call him my hon. Friend in this cause. We were here a few months ago, and sadly nothing has advanced. If the Government had treated the issue more seriously, perhaps we would not be where we are today.

In past years, people who sought to gag Parliament or were held to have behaved inappropriately in relation to Parliament were brought before the Bar of the House and in some cases sent to prison. Do we not need to see Carter-Ruck's partners before the Bar of the House to apologise publicly for this attempt to suborn parliamentary democracy? The threat was withdrawn only after press publicity. Something very serious has happened. The Government will not act to clean up libel law; perhaps we can do so as parliamentarians.

Mr. Roger Gale (in the Chair): Order. Before we proceed, for obvious reasons, several hon. Members want to take part in the debate. Please may we have interventions that are interventions and not speeches? Dr. Harris.

Dr. Harris: Thank you, Mr. Gale. I was going to come on to Carter-Ruck's behaviour, a matter on which individuals may have their own judgment.

Mr. Andrew Dismore (Hendon) (Lab): I congratulate the hon. Member for Oxford, West and Abingdon (Dr. Harris) on his birthday, as I understand that he is 44 today. More importantly, although this debate is about libel, I understand that the injunction was not in libel, but in confidence and privacy law. That is entirely judge-made, and has never been subject to statutory debate in the House. Does the hon. Gentleman agree that we should have proper statutory provision if we are to have privacy and confidence law at all, and we should not simply leave it to the judges to develop these super-injunctions that have pernicious effects way beyond reporting in Parliament?

Dr. Harris: A strong case can be made for that, and certainly parliamentary action is needed. While case law is being settled and developed, it is wrong that Parliament should be silent in the matter. I say that with no disrespect to judges. This area of law is complex, various rights must be balanced, and the right approach must be taken to convention rights. There is greater and greater concern out there that the courts are not dealing fairly with the matter. I suspect that both sides, but particularly defendants—those whose free speech is interfered with—are not happy with the current situation. Part of the point of this debate is to urge the Government to review the law in this area more widely than they have done so far. I recognise that they have completed a consultation on costs in defamation actions which impinge on defendants' ability to afford to defend themselves, and on single publication rules relating to the internet. However, concern goes far deeper than that, and all of this is subject to forensic examination by the Select Committee on Culture, Media and Sport, of which the hon. Member for Maldon and East Chelmsford (Mr. Whittingdale) is Chairman. We all hope that the report makes clear recommendations in that area, and I hope that the hon. Member for Hendon (Mr. Dismore) will have some relief in that respect. However, in responding to that report and this debate, the Government should be in no doubt of the wide unease among parliamentarians, the media and free speech organisations that the balance of the judge-made law in respect of these matters is wrong at the moment.

I turn briefly to the conduct of Carter-Ruck. It ought to be said—the company has always been willing to make it clear and to talk about it to us when asked, and also volunteered to meet us—that it was not its intention during any of this actively to prevent the reporting of parliamentary proceedings. That is Carter-Ruck's position. One can accept that at face value. The question is whether what it said in its letters to *The Guardian*, and indeed what it wrote in its letter to the Speaker, is consistent with that. Essentially, it said that because there was no exemption for reporting parliamentary proceedings in the order made by the judge, *The Guardian* would be in contempt of court—the implication being that serious penalties would flow from that—if it were to report parliamentary proceedings.

Carter-Ruck did not at any point caveat that with a paragraph stating, "But of course, we understand that no court could or perhaps would ever seek to enforce a contempt action against someone who reported parliamentary proceedings fairly and truthfully." It is the absence of that caveat that could be said to make it look at the very least that it was seeking to intimidate *The Guardian* on the basis of a threat of being in contempt if it published parliamentary proceedings. Such a threat would, of course, be extremely effective against most defendants, especially those who do not have the means or the legal resources of *The Guardian*.

In effect, failure to point out to a defendant that, of course, if it is the view that parliamentary proceedings should not be prevented from being reported, or could not be prevented, letters from a well-resourced law firm acting on behalf of a well-resourced client would have a chilling effect. It is also fair to say that *The Guardian* was in doubt about its own legal advice on the matter.

[Dr. Evan Harris]

That gives rise to my first question for the Minister—and for everyone in the House, including Mr. Speaker. Is it the case, in the Minister's view, that a court could ever take action for contempt of an injunction that did not mention the reporting of parliamentary proceedings and therefore did not give any apparent exemption for reporting parliamentary proceedings in a fair and truthful way? If that is the case, and the Lord Chief Justice went quite far yesterday in response to a question by saying that he could not envisage circumstances in which it would, that is not the certainty to which people are entitled in law.

I hope that the Minister will be able to give the Government's view of whether that is settled, and if so on what authority it is settled; and if there is any doubt, it being such an important matter, that she and the Government would be willing to consider introducing legislation, or allowing the opportunity for legislation, to make the position absolutely clear. We cannot afford for there to be any doubt or debate, as the only people who benefit from that are the lawyers who are asked for their opinion.

Mr. Gerald Howarth (Aldershot) (Con): First, I ought to declare an interest. Some years ago, I benefited from the services of Messrs. Peter Carter-Ruck and Partners in a case against the BBC.

Is it the hon. Gentleman's case that no agreement can be reached between parties through the courts of this land to keep a matter confidential? It is my understanding that from 18 September, *The Guardian* consented to the order, but that it is right for Parliament to be able to overturn an arrangement arrived at in the courts, particularly at the behest of an hon. Member who happened to be a journalist on one of the newspapers concerned?

Dr. Harris: First, I should point out that *The Guardian* contests whether, or the extent to which, they accepted the order made on 11 and 18 September. Secondly, we are not talking about the ability of a Member of Parliament to overturn a court order. We have sub judice rules that apply. The hon. Member for Newcastle-under-Lyme was able to table his questions within those rules, presumably because they were nowhere near breaching the rules or because of the particular skills that he exercised. That is not the same as stating that the intention, or the intended effect, was to overturn the order, which was at least in part about the publication of the contents of the Minton report. I understand that the legal case to which the Minton report was said to be legally privileged was settled in September, before the hon. Member for Newcastle-under-Lyme tabled his questions. That should be the end of that particular matter.

The key thing is whether we are to have clarity on the point. I ask the Minister whether, in the interim, all court orders that injunct against publication or the passing on of information should make it clear, in what I might call a template, that they do not affect the fair and truthful reporting of Parliament, so that there can be no doubt and no costs incurred in clarifying the matter, and no chilling effect caused by assertions to the contrary. That would be useful.

It is important to deal with the question of super-injunctions. Some people would argue that it is wrong that any injunction should be kept secret, saying that the gagging should itself be made public even if the content of what is to be gagged is not, as it is in the public interest. I do not take that view. I am not an expert, but it does not seem wise to say that the point of an injunction—for example, for privacy of confidential medical information on an individual—could be frustrated by the reporting of the fact that an injunction exists.

It does not necessarily follow that every injunction founded on personal privacy or confidence should be the subject of a super-injunction. Indeed, I know of examples of private individuals having an injunction to prevent the reporting of something. However, as the Lord Chief Justice made clear yesterday in a good example relating to the seizure of assets in a fraud case, there will be cases in which the public interest is clearly served by an injunction restraining publication of its existence. Indeed, there may be cases in which it is arguable, when there is no clear public interest, that the overall balance of private interests is clear. Nevertheless, it seems to me that some cases are currently subject to super-injunctions, particularly in respect of libel, where they are inappropriate, and they may be being granted inappropriately because there is no clear public interest argument for those who wish to be free to publish the existence of the injunction.

The default must be that the public should know about such prior restraint when it is deemed to be appropriate. I would be grateful if the Government clarified their view. Do they believe that the position on super-injunctions is fine and dandy, or do they accept at least that there is a case for the matter to be considered? I believe that senior judges would argue that it is difficult. One has to sympathise with their position, as in the middle of the night—or at least outside the working day—they are sometimes asked to make quick decisions, and default on the side of confidentiality. Such injunctions are extremely restraining of free speech, and there is a concern.

I also ask the Minister whether she accepts that there is a difference with gagging generally but especially libel, between an individual seeking to assert a right—for example, to privacy under the Human Rights Act 1998 or the European convention on human rights—and a corporation doing so. There may well be a public interest in seeking to restrict the reporting in a way that public authorities cannot, but private corporations can. It seems to me that the balance there is wrong.

The other point that I wish to raise is a general concern about the impact of English libel law. It is noteworthy that the Lord Chief Justice said yesterday—I do not quote him directly—that if London is the libel capital of the world, something should be done about it. I hope that I do not misquote him; I do not have his words directly to hand. There is widespread concern. The right hon. Member for Rotherham (Mr. MacShane) secured a debate on that subject a few months ago. Serious concerns were raised then, but in a number of cases since, there has been no reassurance that that is not the case.

Some matters are sub judice—I will be very careful about what I say here—but there is widespread concern about the ability to discuss scientific matters and the nature of the evidence base from, on the one hand,

doctors and writers who are interested in the subject and, on the other, those who are promulgating treatments, whether conventional or alternative, and who have an interest in seeking to make claims that could be challenged by scientists. There is widespread concern that such actions are restrained by the reach of the English libel laws. There is a lack of a public interest defence—the burden of proof is placed on the defendant, not on the plaintiff—and there are issues of cost, which the Government would say that they are seeking to deal with. I should be grateful if the Minister accepted that there is a case to be made—and I hope that the Select Committee is investigating this—to show that our libel laws are wrong.

Dr. Ehrenfeld, who is American, was sued in this country by someone from another country for the publication of a book that was mainly published outside this country and sold very few copies. For London to be used in that way cannot be the way forward. There are other examples as well, and there is widespread concern in the writing community. English PEN, Index on Censorship and Article 19 are all concerned about such matters.

I urge the Minister in her response to give us some reassurance that the Government are alive to those concerns, and that they recognise that the case law that has built up in this area may not be appropriate for the sort of freedom of speech that we want to see. There is an argument, and clearly there are grounds, for some protection of reputation, confidence and privacy, but it is time that Parliament had a chance to have a say in such matters, particularly at a time when the reporting of parliamentary coverage of those things has been under threat. It is a curious and unsatisfactory situation, in which Parliament appears to be caught in the crossfire, without ever having a proper chance to debate such matters.

My final question relates to the ongoing problems of English libel law in respect of Trafigura. My understanding is that "Newsnight" is being threatened by the lawyers for Trafigura, Carter-Ruck, if it repeats an allegation against Carter-Ruck that deaths were caused by the dumping of toxic waste in Ivory Coast, even though in 2007 *Hansard* reported the Transfrontier Shipment of Waste Regulations laid by the Department for Environment, Food and Rural Affairs before Parliament, and a memorandum of explanation to those regulations stated:

"The recent example of the release of toxic waste in the Ivory Coast leading to the deaths of a number of people and the hospitalisation of thousands underlines the risks involved in the movement and management of waste."

How can it be that that can be in *Hansard*, yet there are still threats of legal action against "Newsnight" if it reports the very same wording that is used in there? That cannot be right. Although there are powerful interests at stake, there is a public interest in the fact that there was a settlement made—hundreds of millions of pounds paid over in that settlement—and yet the public in this country are not allowed to know some of the contents of those news reports. We have a responsible media by and large in respect of such matters, and it is about time that English libel laws and English laws in general caught up with that fact.

Several hon. Members *rose—*

Mr. Roger Gale (in the Chair): Before we proceed, let me make my intentions known. I intend to call the first Front-Bench spokesman at half-past 3. There are nine Members in the Chamber looking as though they might wish to contribute, so brevity is the order of the day.

2.53 pm

Paul Farrelly (Newcastle-under-Lyme) (Lab): I congratulate the hon. Member for Oxford, West and Abingdon (Dr. Harris) on securing this debate. To say that it is timely is an understatement. I also congratulate Mr. Speaker for strongly exercising his discretion in allowing this debate to go on in the face of objections by the now even more infamous firm of libel lawyers, Carter-Ruck.

I am a former journalist, which has been mentioned, with *Reuters*, *The Independent on Sunday* and the *Observer*, which, of course, is owned by the Guardian Media Group. I am also a member of the Culture, Media and Sport Committee, which is producing a report on press standards, privacy and libel. I do not want to pre-empt that report, but I want to make a few remarks, having tabled the parliamentary question last week which revealed the existence of this super-injunction obtained by Carter-Ruck on behalf of the oil trader Trafigura.

Mr. Gerald Howarth: Will the hon. Gentleman tell us how he came by this information that *The Guardian* was about to publish? Is he aware that Carter-Ruck knew nothing about his question until it received a fax from *The Guardian*? Was he in cahoots with *The Guardian*, having been formerly employed by the Guardian Media Group?

Paul Farrelly: Strangely enough, I anticipated that question from the hon. Gentleman. As a former journalist, I would never reveal my sources. The issue has been alive on the internet for weeks for people to see, but not the British newspaper-reading or television-watching public. The Chairman of the Select Committee—I am glad to see him in his place—and I were at a media lawyers' conference a week last Friday. When I was talking to people, this latest super-injunction was one of the hot topics of the day. It was not difficult to discover that the injunction was in place.

The injunction suppressed the internal Minton report into the toxic oil waste dumping and the reporting of the injunction. There was also a further level of secrecy. Trafigura was granted anonymity by the court, and its name and that of a subsidiary were replaced on the injunction's title by a random set of initials, RJW and SJW. Ironically, that further level of secrecy may have been Carter-Ruck's undoing. I was aware of the injunction but not of the full anonymous title. My question only named Trafigura and Carter-Ruck and not *The Guardian*. I assume that the Table Office Clerks doing their usual rigorous sub judice checks simply could not find the injunction and, therefore, the question was accepted. That prompts the question of what might have happened if the injunction had been found, and if the courts could have informed the Clerks that the injunction was in place because of the secrecy. I might return to that matter in my concluding remarks.

What is really important here is that last Monday legal advice on both sides, *The Guardian's* counsel and Carter-Ruck for Trafigura, agreed that the scope of the

[Paul Farrelly]

injunction would have prevented the media from reporting the question as part of the proceedings of this Parliament. That was an extraordinary state of affairs—that this conclusion could be reached notwithstanding common and statute law that enshrine qualified privilege for the media reporting of Parliament in a free society.

Equally extraordinary is the statement by Carter-Ruck in its letter to Mr. Speaker last week, which said that

"when the order was made (and endorsed by the High Court) none of the parties or the court had in contemplation the possibility of this matter being raised in the UK parliament. If they had, the Order may well have been formulated in such a way as to allow for such reporting."

How magnanimous and generous of them!

The injunction has been published in full on the website of *The Guardian*—without my collusion—and on my own website. It has also been circulated by the hon. Member for Oxford, West and Abingdon. The circumstances in which it was issued are important. It was granted in the High Court on 11 September by vacation duty judge Mr. Justice Maddison, who has no known specialism in media law. *The Guardian* was given just a few hours' notice of the hearing and no time to marshal a defence. Was the injunction drafted by the judge or the clerks of the court? No, it was very helpfully presented to the judge by Carter-Ruck—presumably run off in standard form from a file of precedents of "super-injunctions" that the High Court has granted before.

What this affair shows is that orders, injunctions and super-injunctions, which have been developed from sparing use in cases involving individual privacy, are being granted all too often, easily and pre-emptively on the grounds of confidence to big corporations or powerful figures seeking to avoid embarrassment. Of course, all the arguments, including that of "public interest", can be aired in court at a full trial, challenging the injunction. However, here is the rub: the costs are simply enormous and the likes of Carter-Ruck know that full well.

The Guardian estimates that challenging the Trafigura injunction at full trial might have cost as much as £300,000. *Private Eye* in an earlier case involving Michael Napier had £500,000 on the line if it had lost its challenge, which, thankfully, it did not. So money for multinationals and the likes of Carter-Ruck is no object, but it is for the likes of *The Guardian*, which is currently making redundancies. Could a newspaper such as that, a very responsible newspaper, justify spending that sum of money even as a matter of principle? I would argue not. That is where the effect of such injunctions lies. What this affair shows, too, is that aggressive lawyers such as Carter-Ruck are given too much freedom of manoeuvre by the courts. They draft the injunctions themselves, and that says almost all I need to say. They are out of control—in this case, so much so that they overreached themselves by trying to put themselves above freedoms that have been time-honoured since the 1688 Bill of Rights, and, indeed, above the law. They are unquestioned and unfettered, and in instances such as this we would have not the rule of law but the rule of lawyers, backed up by expensive legal threats that are as predictable as clockwork, and that are often made to hon. Members of the House going about their business without the protection of privilege in the House.

In this case, however, Carter-Ruck has clearly received a bloody nose; so much so that last Friday, having already caused so much further embarrassment to its clients, it backed down and consented to the reporting of the Minton report after all, and the injunction, because of the rights asserted in this House, crumbled. By the way, the Minton report was freely available overseas and on the internet, which makes a further mockery of the Court's decision to grant the injunction in the first place. However, this is just one case, and one battle does not win a war. It is really important to have proper reform of these procedures in the courts, and I would welcome the Minister's comments on that when she winds up.

So far, I welcome the confirmation by the Secretary of State for Justice and Lord Chancellor that he is addressing this issue and will be meeting newspaper and other media editors. I particularly welcome the statement that the Lord Chief Justice made yesterday on his concerns about the way these injunctions are being issued and his view that parliamentary privilege should not be constrained in any way. However, it is important that these sentiments are followed through in practice. One of the other benefits of this affair, of course, is that there are now plenty more people watching, and I am sure they will be only too ready to alert Members of this House to what they feel are abuses against Parliament's privileges and the right of the public to know.

This case highlights one other important issue for the House. Parliamentary privilege cannot be seen to be something that just lies in textbooks and is taken for granted, and yet is eaten away at all the time by over-confident lawyers such as Carter-Ruck. Our time-honoured rights are only as strong as their assertion, and in the last 10 days they have been strongly asserted in this House; importantly, because of our separation of powers, they were reasserted yesterday by the Lord Chief Justice.

However, there are issues for the House to resolve, or at least to clarify, regarding its own sub judice rules. That goes back to the question that I raised earlier: what would have happened if the Table Office had been advised of the injunction or been unable to find it, and had left the parliamentary question in limbo? There is a technical but important argument about when court proceedings are active in terms of the House's rules. Carter-Ruck, in seeking to prevent this debate from happening, sought to argue that the existence of the injunction itself means that proceedings are active. Of course, *The Guardian*, which was not resolved to go to full trial because of the cost, would argue the contrary: that an injunction is a finite action and no proceedings are under way.

I hope that Mr. Speaker and, indeed, the Ministry of Justice and the Leader of the House will take a look at the rules of the House. Of course, application of those rules is subject to the discretion of the Speaker or that of a Chairman. However, it would be perverse, following this affair and the controversy it has caused, if the parliamentary Clerks, on whom we rely for so much advice, became more conservative in their approach to the questions they accept for tabling. In newspaper terms, the Speaker is the editor, who always has the final say, but the parliamentary authorities—the Clerks—play the role of the newspaper lawyer. All of us who have been involved in journalism know that there are media

lawyers who want to help get a story out, however difficult that may be, and those who prefer not to take too many risks if they can help it.

I will draw my remarks to a close. Mr. Gale, with your permission and discretion I was going to try to use this debate to finish off this perverse injunction for good, in the public interest, by reading into the record some of the damning extracts from the Trafigura report. Thankfully, after last Friday that is no longer necessary. Instead, I just want to conclude with a quote from a lawyer who appeared in front of us at the Select Committee on Culture, Media and Sport, with Mr. Gerry McCann, the father of young Madeleine McCann, who disappeared so tragically in Portugal. It was in large part the press behaviour in the McCann case that prompted the Select Committee inquiry that Mr. McCann appeared before. I will quote just one part of the evidence from the lawyer who accompanied Mr. McCann:

"I am primarily a claimant libel lawyer, but I am a huge fan of newspapers. I think they perform an extremely valuable role in our society. I love reading them."

Those are the words of Carter-Ruck's Adam Tudor, who was advising Gerry McCann but who is also the Carter-Ruck partner advising Trafigura.

Because of the costs involved, without MPs using traditional rights of privilege and without the Speaker asserting those rights, the British newspaper-reading and TV-watching public would not be aware of a report commissioned by a multinational oil trading firm that is scathing of its own safety practices in dumping toxic waste in a very poor part of Africa. I hope the Minister will assure us this afternoon that those rights will be upheld in the face of assault from the likes of Carter-Ruck and the clients whom they actively recruit to use our libel and judge-made confidence laws and our courts.

3.4 pm

Mr. John Whittingdale (Maldon and East Chelmsford) (Con): As has already been said, the Select Committee on Culture, Media and Sport, which I have the privilege of chairing, has been conducting a lengthy inquiry into press standards, privacy and libel, and we hope to publish our conclusions shortly.

During the course of that inquiry, we received evidence about the chilling effect on journalism of the use of conditional fee agreements and about the tension between articles 8 and 10 of the European convention on human rights and how that has led to the growth of a body of privacy law in this country without Parliament ever having properly legislated in that area. We have also received evidence on libel tourism, which has been referred to—indeed, we met Dr. Rachel Ehrenfeld. We have looked at whether corporations should be able to sue for libel and whether the offence of criminal libel should remain on the statute book, and we have also looked at the use of super-injunctions. Those are all wider questions than this debate, but I hope that the report, when we publish it, will provide an opportunity for a much wider debate in the House on the need for reform of our libel laws.

During the course of the inquiry, we took evidence from the Lord Chancellor, the Master of the Rolls, editors of newspapers and a very large number of media lawyers, acting both for plaintiffs and for defendants. As well as the formal submissions that we received from media lawyers, we have also been in receipt of several letters from solicitors' practices that relate to our own proceedings, and which touch on parliamentary privilege. I shall refer to two such letters. The first was from a solicitor's practice questioning whether it was appropriate for two members of our Committee to participate in a particular session that involved taking evidence from a newspaper, and referring to the code of conduct for Members of Parliament. When we took advice on the matter, we were advised by Speaker's Counsel that the letter in itself verged upon improperly interfering in the proceedings of the Committee's work.

The second letter challenged the Committee's right to accept from a witness written evidence that included repetition of allegations that had been subject to libel proceedings. On the advice of Speaker's Counsel, I responded to that practice, quoting article 9 of the Bill of Rights. I must say that I then received a response from that solicitor's practice, which said:

"You refer to Article IX of the Bill of Rights, but I assume - please forgive me if I am mistaken - you have the Human Rights Act 1998 in mind."

I did not reply. Speaker's Counsel replied and he made it clear that the reference was to article IX of the Bill of Rights, which he quoted:

"the freedom of speech and debates or proceedings in Parlyament ought not to be impeached or questioned in any court or place out of Parlyament".

He went on to quote the judgment in Prebble v. Television New Zealand, in which

"the Judicial Committee of the Privy Council noted that the law had long been settled that the interest in ensuring that the legislature can exercise its powers freely on behalf of its electors with access to all relevant information was an interest which must prevail."

I will not quote the whole of that judgment, but it absolutely confirms the absolute privilege of Members of Parliament, and indeed of those giving evidence to Select Committees. The importance of Select Committees is that privilege does not just cover their members but also people giving either written or oral evidence to them.

That seemed to be the end of the matter, although I am still slightly concerned at another letter that I received from the Clerk of the Journals, who said:

"A key aspect of privilege protecting freedom of speech in Parliament is that the freedom is exercised responsibly. If it is not, there is a risk of damage to the reputation of the House and of undermining that freedom itself. There is always a danger that an individual, criticised under the protection of privilege, will go to court complaining that they have no right of reply. This is not a theoretical point - it has happened before the European Court of Human Rights in the case of *A v UK*...Although the judgment supported freedom of speech in Parliament it did raise issues about the protection of the rights of individuals."

There is still a question about this area and perhaps it is something that the Minister would like to address.

However, this particular debate relates to the reporting of proceedings in Parliament. It had seemed to me, until the written question tabled by the hon. Member for Newcastle-under-Lyme (Paul Farrelly), that the law was pretty clear. A question has arisen as to whether proceedings in Parliament put a matter in the public domain. We have seen the advent of televising, and most of our sessions have been televised and streamed on the web. Indeed, during the recess, the BBC devoted an entire day to the proceedings of my Committee's inquiry—the

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broadcast lasted for about eight hours, which probably tested the patience of even the keenest observer. There is, therefore, no question but that what is said in a Select Committee is now in the public domain.

Despite that, the hon. Gentleman's experience has flagged up the question of whether an injunction should apply to proceedings in Parliament unless it is specifically varied to allow parliamentary proceedings to be reported. What has concerned me, particularly in the two meetings organised by the hon. Member for Oxford, West and Abingdon (Dr. Harris), is not just that it was the view of Carter-Ruck that a variance would be required for *The Guardian* not to be in contempt if it published information about the existence of the parliamentary question, but that that also appeared to be the view of *The Guardian*.

We now have a copy of the letter sent by *The Guardian* to Carter-Ruck, which mentioned the fact that the question had been reported by *The Spectator*, on Guido Fawkes's website and, indeed, by the leader of the Liberal Democrats on his website. The letter says:

"In light of these developments please can you confirm by 12pm today to a variation of the order that will allow our client to publish information about this parliamentary question."

Until now, my understanding has been that that did not require a variation of the order and that the publication of proceedings in Parliament—whether a question on the Order Paper or evidence given to my Committee—would be covered by privilege, and that any injunction or attempt to enforce one would be thrown out on that basis. It is therefore extremely worrying that not only the solicitors for the plaintiffs, but *The Guardian*'s in-house lawyer appear to think otherwise. That is a matter of deep concern to Members of the House, and I hope that the Minister will address it.

3.11 pm

Peter Bottomley (Worthing, West) (Con): By way of a declaration of fact, I should say that I have had four successful claims against newspapers for libel, but that was in cases where what was said was untrue, damaging and not privileged. As I understand it, there is not really a question of whether what is in the Minton report is untrue. To say that hydrogen sulphide in low concentrations is easily detectable, but that at high levels it is not and leads to death is a matter of chemical and biological fact.

We have to remember, of course, that it is the population near Abidjan who are the real sufferers. Although the parliamentary issue and the newspaper issue are important, the reason why such waste dumping is illegal throughout the European Union is that it is dangerous, and replicating some kind of refining process on board a ship on the way to Africa is wrong—no one tries to defend it. However, I think that I am right in saying that Trafigura claimed after the second settlement that the waste

"could at worst have caused a range of short-term, low-level flu-like symptoms and anxiety."

All that is contradicted by the Minton report, which is available at https://secure.wikileaks.org/wiki/Minton_report:_Trafigura_toxic_dumping_along_the_Ivory_Coast2C_14_Sep_2006.

Three years on from the report that Minton and colleagues were able to produce within a week of being asked what was likely to have happened, I am not sure on what basis the injunctions were sought or what other court proceedings the injunctions were linked to. If it turns out that no serious proceedings would follow, other than the injunctions, we are talking purely about a matter of confidentiality and/or privacy, and actually just embarrassment and, possibly, commercial cost to the principals.

That said, I can believe that the judge and the applicants—the solicitors for Trafigura—obtained an order that they did not expect would cover Parliament. Indeed, they did not even think of Parliament, and that may be understandable. What is clear, however, is that from the day that Trafigura's solicitors wrote to the Speaker and to all Members of Parliament, they knew that it did cover Parliament. They did not put their hands up and say, "We're going to withdraw it straight away." They waited another day and took instructions before trying to go along with *The Guardian* to vary the terms of the injunction. Even then, they did not drop the injunction.

I therefore want to make a request, although I am not sure whether I should make it to the Minister and/or the judges and/or the House authorities, including the Speaker. Every injunction in the High Court and every secret injunction should be logged in the High Court so that we no longer get the reply, "We don't know how many injunctions there are." If we do not know how many there are, we do not know what they are. If there is no central register of injunctions, it is time that there was. There should also be a notification of all injunctions that make an injunction secret; otherwise, how can people check whether they exist.

When I intervened on the Prime Minister a week ago, I said that in cases that involved children or that involved not just national security, but grave national security, some kind of inhibition on what people say or—where something has been said—on what is reported is appropriate. I am sure that there are House rules covering that, which would make the Speaker, in effect, the super-editor of *Hansard*.

The senior judges should get together, preferably in the open and without waiting for a Law Commission report or even for Select Committees, other than the one that my hon. Friend the Member for Maldon and East Chelmsford (Mr. Whittingdale) has spoken about. They should say that the super-injunction process will be rolled back and used only when it is absolutely essential—not just when it is desirable, not just when people ask for it and not just when a newspaper agrees to it, but when there is some overwhelming reason why it should exist. I do not think that would happen in cases of libel, because there is a pretty good process for post-act claim.

We should get away from the idea that a newspaper is a defendant. A newspaper is a respondent. What we are talking about is not a criminal act at the moment. As far as I understand it, we are talking about civil actions.

There are many other things that I should like to say, but the key one is this. Health and safety issues—as this case was in its foundation—should not be secret. In aviation, we are perfectly used to having reports of near-misses. If there is ever an air crash, there is an investigation, and the same thing applies on the railways. The number of people put at risk by Trafigura's actions was enormous and swamps all the deaths that we have

had in aviation in a year. The processes involved are so well known that they were barred not only in this country, but in Europe.

We must share information, and newspapers and the media have a responsibility to make available to all what is known to a few. If we do not establish that principle, those of us in this House will not just look pretty stupid, as we have until now on this issue, although we have made a recovery, but we will fail those for whom we are supposed to be working. We will end up with worse situations, with more people getting away with things for longer, and we will fail to save the lives or improve the well-being of those for whom we should feel responsible—the citizens not just of this country, but of other countries around the world.

3.18 pm

Mr. Gerald Howarth (Aldershot) (Con): Let me say at the outset that I yield to no one in my enthusiasm and support for parliamentary privilege. It is an absolutely vital tool, which enables all of us in the House to carry out our ancient constitutional duty of addressing the grievances of our constituents. It allows us freely to do that without being intimidated by powerful vested interests of whatever sort—perhaps the powerful interests these days are the press, who are in the van of the campaign to support parliamentary privilege.

I make no comment on the report about Trafigura's activities, for I do not know about them. I came here simply because I read the Carter-Ruck letter on my way to the House yesterday, and it raises serious issues. My hon. Friend the Member for Worthing, West (Peter Bottomley) is absolutely right to say that the Minton report clearly raises matters of huge concern to all of us as parliamentarians. My hon. Friend the Member for Maldon and East Chelmsford (Mr. Whittingdale), who is struggling, with his Committee, to try to define how to frame a law of privacy in this country, is in my view up against the most enormous challenge. I wish him well in trying to find a way through.

I want to raise one question: to what extent this House should be able to disrupt commercial arrangements that are the subject of resolution in the courts. It is no more, no less than that. When I read the letter of Carter-Ruck's yesterday it concerned me that, as I understand it, the hon. Member for Newcastle-under-Lyme (Paul Farrelly)—I am very happy for him to intervene if he wants to put me right—tabled a question that clearly had some bearing on the injunction, which I understand *The Guardian* consented to. It seems to me that we have to allow commercial parties—and in this case a newspaper is a commercial party—to resolve differences by reference to the court, if necessary: clearly, a last resort.

Peter Bottomley: My hon. Friend is making his point reasonably, but it is worth pointing out that the PEN and Index on Censorship briefing, which is available today, but which he may not have seen, gives a full chronology. It is not clear exactly what court issues still had to be determined, other than the injunction itself.

Mr. Howarth: As I understand it, the substantive proceeding had not been set down. The hon. Member for Newcastle-under-Lyme mentioned the costs—£300,000, I think—of going to a substantive hearing. That is clearly a huge amount of money and I am bound to say, making a political point, that I recognise that *The Guardian* does not have a lot of money, which is why it has closed down offices of the *Aldershot News* in my area: it has sucked them dry to fund *The Guardian* itself, which does not make money, whereas my local newspapers, and many others around the country, did. We need to consider whether, having failed in the court to obtain its desires, it then resorted to other means.

I understand that the court made an anonymity order because it appeared to it that

"publicity revealing the identity of the Applicants is likely unfairly to damage the interests of the Applicants",

and that that was accepted by *The Guardian*. I also understand that the view of leading counsel for *The Guardian* was that the effect of the order as it stood would be to prohibit *The Guardian* from reporting the hon. Gentleman's question, and that therefore it required variation. It would appear to me—I may be wrong—that there is a certain amount of agreement between the parties as to how the court proceedings should be resolved.

I think it entirely legitimate for this House to be able to say that in exceptional circumstances there are overriding issues that affect our constituents and the wider public interest, and which require us to intervene. This may be one such case—I do not know; but I think that we have, as a House, to consider fairly carefully the number of times we might think it right to interfere in decisions of the court, whose job it is to try to reconcile the differences between the parties. In this case the court clearly found that making an injunction was the right thing to do.

Paul Farrelly: Clearly, from what has happened this week, it is not only Parliament that shares these concerns, but the Lord Chief Justice, the most senior judge in the land. Has the hon. Gentleman read his comments of yesterday—it is very rare that the Lord Chief Justice issues a press release—on super-injunctions? What is the hon. Gentleman's view about the concerns that the Lord Chief Justice has raised?

Mr. Howarth: No, I have not read the comments of the Lord Chief Justice, and will happily do so, in order that I may be better informed. However, there has always been a perhaps uneasy relationship between the legislature and the judiciary and it seems to me that this is one area in which that has been exposed. It may well be that the case is such as to raise issues on which there should be more opportunities for Parliament to intervene, but I think we have got to be fairly careful to ensure that we allow the law to have its role, where it can examine the cases that come before it, perhaps in more detail than we are able to do, and decide what is, in its view, the best way to proceed.

The fact is—this is what came out of the letter that Carter-Ruck sent to all of us, and it stood out to me—that *The Guardian* has got form here and has on a number of occasions, not just this occasion, got Members of Parliament to stand up in the House and make statements under privilege, which enable *The Guardian* to repeat them in the paper the following day.

Mr. Richard Shepherd (Aldridge-Brownhills) (Con): It is an impertinent intervention, but there are only four minutes left for Back Benchers to speak in the debate. I should be very grateful.

Mr. Howarth: My hon. Friend makes an extremely good point and I am happy to sit down now. I hope that I have made my point and that the hon. Member for Newcastle-under-Lyme will take it in the spirit in which I have made it. I shall certainly have a look at the suggestions of the Lord Chief Justice.

3.26 pm

Mr. Richard Shepherd (Aldridge-Brownhills) (Con): I am very grateful to my hon. Friend the Member for Aldershot (Mr. Howarth) for enabling me to have a brief shot at this debate.

Article 9 of the Bill of Rights was not a matter of light spluttering on our constitution. It followed on a century when the authority of the Executive—power controlling the courts—could stop or threaten people who spoke freely. It is followed by the Americans in the articles attached to the constitution, in their Bill of Rights, almost to the letter. It is fundamental to freedom of expression and the constitutional development of our own country. Anyone who believes in freedom must know that the concept of prior restraint is a very sensitive and difficult area, but the principle that underlies it is "publish and be damned".

In our moderate world we normally look carefully into such things, but I have also had a conversation with a former Lord Chief Justice—about anonymity of witnesses. That was developed in the courts, where now an application can be made for witnesses to be held to be anonymous, so that defendants are not necessarily aware of who is accusing them. I said, "Why that was not picked up? We have been told that there are 300 cases outstanding now in which as a routine matter there is an application for anonymity of witnesses." He said, "Well, I didn't know about it. There is no way of tracking it." That was a question on which my hon. Friend the Member for Worthing, West (Peter Bottomley) made a very good point. We now have the east European-sounding Ministry of Justice, but does it monitor what happens in the courts, if the judges are not in a position to monitor it?

Developments are going on that strike profoundly at our sense—certainly my sense—of liberty. How many prior restraint orders in non-national security cases are being granted? That should be recorded and the intent and purpose behind it should be examined.

I should declare an interest. I am a parliamentary co-chairman of the Campaign for Freedom of Information. One of the major issues in our country was to find out who was polluting rivers and causing noxious wastes. That was shrouded by section 2 of the Official Secrets Act. No officer who knew about a pollution could necessarily put it in the public domain. This is about the public domain. Mature democracy must know what is happening in its courts so that it can make judgments. How can we reason but from what we know?

Thanks to the hon. Member for Newcastle-under-Lyme (Paul Farrelly) and the hon. Member for Oxford, West and Abingdon (Dr. Harris), who also sits on the Joint Committee for Human Rights, we have had the opportunity to express some of our concerns adequately—respected Members of the House present here have done so moderately, much more moderately than I ever conceive of—and to strike out and stand up for principles fundamental to the workings of a free society. I expect the Ministry of Justice to monitor the case closely.

The principle is enunciated that, certainly on the Floor of the House of Commons, there should be no question of restraint. I remember when Lord Rooker—then Jeff Rooker, Member of Parliament for Birmingham, Perry Barr—raised a subject that caused great concern to a number of Members in the House. He got it wrong, unfortunately for the individual to whom he referred. He made the most gracious apology for his mistake, but without the ability to raise such issues, as this one was raised the other day on the Floor of the House of Commons by way of a question, we are lost. We need to know in order to be able to regulate and have an opinion on the development of our society and laws.

3.31 pm

Mr. David Heath (Somerton and Frome) (LD): This is an important matter in both constitutional and legal terms, and I am pleased that my hon. Friend the Member for Oxford, West and Abingdon (Dr. Harris) secured this timely debate. We have always known, and been proud of the fact, that we have the right to speak our mind in Parliament without fear or favour and without consequences outside this place. That is enshrined in the Bill of Rights, and it is an important right. We also believed that a battle was fought and won in the late 18th and early 19th century to ensure that proceedings in this House were made available to the British public—originally against the views of many in this House. It was protection against Parliament, not others, which sought to fetter the reporting of Parliament. Nevertheless, that battle was won. That is what is in question today.

I am pleased that we had meetings with *The Guardian* and with Carter-Ruck. It clarified a lot of issues for me. I did not realise initially, for instance, that the action was not a defamation action but was based on confidence and that it had been held before a commercial rather than a libel court, so the honourable Justice Maddison perhaps had less experience of that field of work.

I also had not realised that the initial super-injunction made no attempt to fetter the discretion of Parliament—it was a catch-all injunction as to the terms under which it could not be reported—but that *The Guardian* later questioned whether it could report proceedings in Parliament in the context of the order, and was told that it was Carter-Ruck's firm opinion that *The Guardian* could not, that it would need a variation, and that to do so would be contempt of court.

As we know, various things happened after that. I tabled an urgent question on the day, and there was a great deal of action on Twitter and blogs around the nation, for which I am grateful. Points of order were raised, and on that day, the application for confirmation of the injunction was withdrawn.

The key question is whether the Carter-Ruck lawyers were right that such an injunction could apply to the reporting of parliamentary proceedings. It is interesting that the *Guardian* lawyers acquiesced in that view and thought that it might have substance. I have my doubts. I am not a lawyer, but I have read the Parliamentary Papers Act 1840, which appears to be the crucial legislation. It is written in the style of 1840s Acts, but I will read part of it:

"It shall and may be lawful for any person or persons who now is or are, or hereafter shall be, a defendant or defendants in any civil or criminal proceeding commenced or prosecuted in any manner soever, for or on account or in respect of the publication

of any such report, paper, votes, or proceedings by such person or persons, or by his, her, or their servant or servants, by or under the authority of either House of Parliament"—

I think that covers the case in point—to apply to the Speaker or the Clerk of the House for a certificate that such a report is a report authorised by Parliament.

If that is presented to the court,

"such court or judge shall thereupon immediately stay such civil or criminal proceeding; and the same, and every writ or process issued therein, shall be and shall be deemed and taken to be finally put an end to, determined and superseded by virtue of this Act."

That seems to show pretty conclusively that the legal advice was wrong, but perhaps I am wrong and there is something that I do not understand about it.

The second issue is whether such super-injunctions are right in any case. That point has been made by my hon. Friend the Member for Oxford, West and Abingdon and others. The idea that we have somehow lost the principle of open court, and can now not only stop the publication of a particular piece of information by prior restraint but prevent from being known even the fact that it has been before a court, seems a very suspect legal development of recent years, and I question it.

The third element is whether companies have the right to that protection of privacy in any case. I understand that article 8 of the Human Rights Act 1998 provides for the right to reputation, but how does that apply to a corporate body? How does it apply to a company that appears—as alleged—to have acted in a totally disreputable way? How can it be right that that is considered a matter of privacy and subject to prior restraint? It worries me that a jurisprudence, not just in libel but in confidence, is developing without recourse to Parliament. It is effectively translating defamation into a tort of negligence, to some extent, but it is certainly developing in a way that encourages the application of prior restraint super-injunctions. That is a key concern. Are we in Parliament satisfied that the laws of libel and privacy should be developed by judges rather than by statute? My answer is no. We need to look at it.

The Minister will respond to some of my questions, some she may pass on to others. First, I would like the Speaker of the House to make it plain that he will certify under the Parliamentary Papers Act 1840 anything written within parliamentary proceedings under any circumstances whatever, so that there should be no question of an injunction applying to parliamentary papers. Secondly, I want the sub judice provisions, which are at Parliament's discretion, not to be defeated by prior injunction. Again, that is a matter for the Speaker.

I want the Minister to make a declaratory statement that the provisions of the Parliamentary Papers Act 1840 still hold, that it is the right of people in this country to know what happens in their Parliament and that the Lord Chancellor will hold to that right, so that every judge and solicitor out there hears that declaration. If that is not sufficient, I want a protocol in every single injunction that says, "This will not, of course, apply to parliamentary proceedings." In that way, there will be clarity.

If none of that succeeds, we need changes in statute law. It is such an important matter of principle that we cannot afford to allow the legal lottery system to affect which judge hears a case and under what circumstances. The matter must be beyond peradventure. I hope that we will return to the provisions at a later stage and reconsider them. The Select Committee report may be exactly the right vehicle to encourage that debate, and we will want to participate fully in it.

What we should not stand by and allow is any diminution of the rights of Parliament, not because we are pompous parliamentarians but because the rights of Parliament are the rights of citizens in this country. If we allow them to be diminished, we are not serving our country and our people correctly.

3.39 pm

Mr. Henry Bellingham (North-West Norfolk) (Con): First, I must declare an interest as a barrister. I congratulate the hon. Member for Oxford, West and Abingdon (Dr. Harris) on securing this debate. He has been proactive on this issue over a number of years and many hon. Members admire his effort and tenacity.

My hon. Friend the Member for Worthing, West (Peter Bottomley) touched on the detail of the Trafigura saga. It was an appalling set of circumstances. That said, however reprehensible Trafigura's actions, it had every right to come to our courts to seek a remedy and every right to instruct a law firm. The right hon. Member for Rotherham (Mr. MacShane) went over the top in criticising Messrs. Carter-Ruck for taking the case. Trafigura had every right to come to our courts and Carter-Ruck had every right to use our procedures.

Carter-Ruck should have been more careful in what it said in its correspondence. For example, its letter to Mr. Speaker of 14 October said:

"In response we pointed out that the threatened publications would breach the terms of the injunction Order and indeed that, absent a variation to the Orders, would place The Guardian in contempt of Court. That being the case, we sought The Guardian's confirmation that they would not so publish."

Carter-Ruck should have included the caveat that nothing that the court had said could prevent the reporting of parliamentary proceedings. It was a mistake not to do so.

In the letter that *The Guardian* wrote to Mr. Speaker the following day, Mr. Rusbridger pointed out:

"Carter-Ruck could have replied to the effect that they had no intention to gag parliamentary reporting and that they had no objection to us doing so.

Instead, their letter unequivocally asserted that the Guardian would be in contempt of Court and sought an immediate undertaking that we would not publish."

There was certainly an error on the part of Carter-Ruck and it is a great pity that the caveat was not in the letter.

Carter-Ruck's letter to the legal department of *The Guardian* on 12 October, which discussed the public domain and anonymity, stated:

"It is not obvious to us that the reporting of this written question on the Parliament website places the existence of the injunction in the public domain. That is a matter which we wish to consider and take instructions on."

Carter-Ruck could have rung up any one of about 8,000 barristers who would have given it the answer. I find that somewhat bizarre.

I turn to Mr. Justice Maddison's injunction and the super-injunction. As a number of hon. Members have said, at the stage of the initial injunction, none of the parties imagined that the publishing of parliamentary

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proceedings would arise. It would be helpful if the Lord Chief Justice spoke to the judge in question. There is now a much more open relationship between Parliament and the judiciary. Perhaps the Lord Chief Justice could find out what the judge's reaction would have been had one of the parties raised what would have happened if the terms of the injunction and its contents were discussed in Parliament or were the subject of a parliamentary question. Perhaps the Minister could facilitate such a discussion.

I agree with my hon. Friend the Member for Worthing, West that super-injunctions should be used only as the last resort. They are being used far too frequently. The Lord Chief Justice should issue tighter guidelines on super-injunctions. The qualification in Mr. Justice Maddison's original injunction that resulted in the so-called super-injunction is pretty far reaching. Page 3 of the order makes it clear that there would be draconian consequences for anyone involved in proceedings who let the identity of the applicant—Trafigura—be known to anyone. Such far-reaching injunctions should be used only in rare cases.

I have not seen the transcript of evidence. The order states:

"Upon it appearing to the Court (i) that the action is one likely to attract publicity,"—

for goodness' sake, it was always going to attract publicity. It continues:

"(ii) that publicity revealing the identity of the Applicants is likely unfairly to damage the interests of the Applicants".

I would have thought that in all such cases publicity is bound to damage the interests of the applicants. They go to court in the first place to prevent something from being published because they are concerned about previous actions and events with which they were involved. What is the Minister's view of super-injunctions? Can the Lord Chief Justice issue tougher guidelines to the judiciary on the use of such injunctions before we consider passing legislation?

Dr. Evan Harris: Will the hon. Gentleman give way?

Mr. Bellingham: I will give way only once because people want to hear the Minister, not me.

Dr. Harris: I am grateful to the hon. Gentleman for his remarks. I urge him and other hon. Members to think carefully about whether we should pick on super-injunctions as the particular problem. If the purpose of the injunction is to protect confidentiality or to prevent libel, and the reporting of that injunction frustrates the point of it because the internet is used, the real problem is the initial injunction. My argument, at least in part, is that there should be a higher threshold before injunctions granting prior restraint are granted, especially in libel cases. The public interest should be more of a key consideration for judges. We should not piek on just the super-injunction aspects.

Mr. Bellingham: I quite agree. That could be the subject of a debate lasting many hours. The Culture, Media and Sport Committee will consider the matter. I did not touch on it because I wanted to cover super-injunctions, which have been discussed by a number of hon. Members. I would like the Minister to comment on super-injunctions. We cannot expect her to solve the problems with libel law in this country in 10 minutes, but I hope that she will answer the point about super-injunctions.

Peter Bottomley: I do not think that this is a libel case. Does my hon. Friend agree that it would be helpful if Trafigura spelled out what was the subsequent court action for which the injunction and super-injunction were contemplated?

Mr. Bellingham: My hon. Friend has made his point very well.

In my two remaining minutes, I wish to say a little about parliamentary sovereignty. Can Parliament ever be gagged or muzzled? The answer, manifestly, is no. Parliamentary privilege is one of the cornerstones of our ancient democracy. It is a vital part of Parliament's sovereignty as the highest court in the land. Without it, we would not be able to hold the Executive to account or stand up for our constituents.

The hon. Member for Somerton and Frome (Mr. Heath) gave us a fascinating history lesson on the reporting of Parliament. Of course, everything in Parliament has to be reported. With television and radio, nothing that is said in Parliament will ever go unreported. Cynics would say that the best way to keep a secret would be to announce it in the Chamber, given the interest that some of the parliamentary press take in parliamentary proceedings.

On the sub judice rule, we have Clerks to advise the Speaker and the Chairmen of Committee and Westminster Hall sittings, such as you, Mr. Gale. It was open to the Clerks in the Table Office to point out to the hon. Member for Newcastle-under-Lyme (Paul Farrelly) that his question could have been subject to the sub judice rule. They decided not to do so. Perhaps the correspondence we are discussing has given Mr. Speaker an opportunity to clarify how the sub judice rule affects parliamentary proceedings. A number of recent cases have troubled me. In some cases, Mr. Speaker has been advised to shut the Member up and in others, the Member has been allowed to speak about a case or proceedings that affect his or her constituents. We need clarity on that point.

I hope that the Minister will be robust and brave and say without any equivocation or doubt that Parliament cannot be fettered in this way. I hope she makes it crystal clear that no court order in the land can delay or interfere with parliamentary proceedings or the reporting of them. As my hon. Friend the Member for Aldershot (Mr. Howarth) mentioned, with the rights and powers that hon. Members have come responsibilities and duties. All hon. Members must be incredibly discerning and responsible when it comes to exercising those rights and privileges, which is why judgment, common sense and statesmanship are the order of the day.

3.50 pm

The Parliamentary Under-Secretary of State for Justice (Bridget Prentice): I will do my best to be robust and brave, but I accept the view of the hon. Member for North-West Norfolk (Mr. Bellingham) that I will not be able to solve the libel laws in the next 10 minutes.

My right hon. Friend the Secretary of State for Justice is very much a parliamentarian—a parliamentary figure—and he will take on board every single issue that hon. Members have raised today. In that sense, this debate is only part of something that will continue, and I want to go through some of the areas that we have already started to process and some of the other issues as quickly as I can.

The hon. Member for Aldershot (Mr. Howarth) had not heard what the Lord Chief Justice said, so I shall read it into the record:

"I should need some very powerful persuasion indeed–and that, I suppose, is close to saying I simply cannot envisage–that it would be constitutionally possible, or proper, for a court to make an order which might prevent or hinder or limit discussion of any topic in Parliament. Or that any judge would intentionally formulate an injunction which would purport to have that effect."

Those are extremely strong words from the Lord Chief Justice, and I want to put it on the record that I go beyond the phrase "very powerful persuasion" and say in response to the hon. Member for North-West Norfolk (Mr. Bellingham) that it is not possible to fetter Parliament and parliamentary discussion.

Mr. Heath: I hope that the Lord Chief Justice has made himself aware of the fact that the issue is not what happens in Parliament; it is the reporting of what happens in Parliament. He does not make specific reference to that; perhaps the Minister can do so.

Bridget Prentice: I was just about to come to article 9 of the Bill of Rights. I am astonished that lawyers around the country are not aware that there is a difference between article 9 and the European convention, and so on. However, perhaps this will be an opportunity for them to be educated in that respect. Article 9 makes it clear that parliamentary questions, both oral and written, are proceedings in Parliament, and they are protected by absolute privilege. Article 9 provides that

"proceedings in Parliament ought not to be impeached or questioned in any court".

It can hardly be clearer. That means that MPs and Peers receive absolute protection from court proceedings for things said or done when engaged in their parliamentary duties. As the hon. Member for Maldon and East Chelmsford (Mr. Whittingdale) said, that is also the case for witnesses who give evidence before Select Committees.

The reporting of parliamentary proceedings, like that of judicial proceedings, is protected by qualified privilege, which centres entirely around fair and accurate reporting—in other words, the material can be published, provided that it is fairly reported. In particular, reports that are motivated by malice would not be protected by privilege. Any reporting of Parliament that is fair and accurate is protected by that privilege. Mention was made of the sub-judice rule.

Mr. Whittingdale: Is it the Minister's view that the advice given by Carter-Ruck and by the in-house lawyer of *The Guardian* was incorrect?

Bridget Prentice: It is most certainly my view that the advice given by both—no doubt eminent—lawyers was incorrect. I am happy to ensure that we send them a copy of article 9, so that they can read and peruse it at their leisure.

Dr. Evan Harris: I will be quick because I think the Minister is about to move on. What she says is helpful, but it is not a cure for the problem, unless she envisages that this debate and her remarks will be read by every lawyer and, indeed, every judge. Will she or her colleague suggest a cure for the problem that either provides a template or states something further than what she has just said, so that the matter can be put to rest in all future cases?

Bridget Prentice: I am going to come to some of the things that need to happen in future.

The sub judice rule is an expression of the ability of the House to restrain Members who, in exercising the absolute privilege of freedom of speech, might offend the House. It also protects the administration of justice, so that, while the courts cannot restrain parliamentary debate, Parliament in turn refrains from airing matters in proceedings that are active and awaiting adjudication in the court.

On the issue of the super-injunction, again, the Lord Chief Justice made reference in his remarks yesterday to occasions when that is useful. The intention is for a super-injunction to be used where there would be a detrimental effect on cases that have national security implications or perhaps on child protection issues—I think that the Lord Chief Justice gave a simple example in relation to fraud. We are very concerned that super-injunctions are being used more commonly, particularly in the area of libel and privacy. The Secretary of State for Justice has already asked senior officials in the Department to discuss the matter with lawyers from the major newspapers. We are also involving the judiciary in a consultation. We are looking specifically at how the use of super-injunctions has had an effect and what we therefore need to do on that.

The hon. Member for Maldon and East Chelmsford raised the issue of criminal libel, and I should say that, as we speak, the Coroners and Justice Bill is going through the other place. We have tabled amendments to the Bill that will abolish criminal libel in terms of defamatory, seditious and obscene libel, along with the offence of sedition, which the hon. Member for Oxford, West and Abingdon mentioned on the Floor of the House when the matter was debated there. We are removing those obsolete offences from the statute book.

We have also recently published a consultation paper on the effects of the multiple publication rule. As has been referred to during the debate, we are also about to set out a response to the consultation we have done on controlling costs in defamation proceedings and what further steps are needed. Our commitment to freedom of expression is clear, but as the hon. Member for North-West Norfolk said, it is not an absolute right. Freedom of expression has duties and responsibilities attached to it, including the protection of the rights or reputations of others. In that context, it is important that people have an effective right to redress through the law of libel, where their reputation has been damaged as a result of the publication of defamatory material.

In the short time available to me, let me respond to some of the issues that have been raised. Yes, I will certainly take back to both the Secretary of State for Justice and the Lord Chief Justice the message that it might be appropriate for further guidelines to be sent out to the judiciary and that we need to consider

[Bridget Prentice]

whether or not defamation has to be tightened up in any other way. The hon. Member for Somerton and Frome (Mr. Heath) asked me to declare whether the Parliamentary Papers Act 1840 still holds. Yes, it does—I make that statement as clearly as I possibly can.

Concerns have been expressed about libel tourism, and we had a debate about that not very long ago in Westminster Hall. Of course, the only way in which an English court can hear such a case is if it can show that it has sufficient grounds for jurisdiction. I will not go into the detail of the Brussels regulation because, frankly, we will all lose the will to live. The Justice Secretary gave evidence to the Select Committee on Culture, Media and Sport during its inquiry, and we will, of course, take seriously any recommendations that the Committee makes that would apply to the courts or to the Ministry.

I am grateful to hon. Members for raising the issue, particularly to the hon. Member for Oxford, West and Abingdon (Dr. Harris). I do not believe that the debate stops here. I will ask my right hon. Friend the Secretary of State for Justice, the Leader of the House and the Speaker to come together to look at how we can reinforce what we know to be true of the rights and proceedings of Parliament. Although I cannot decide the business of the House, I hope that, at some point in future, we will be able to come back to the House with definitive responses to the different questions that have been raised. Finally, parliamentary privilege is an old and important right, and it is one that we should guard absolutely.

Textile Industry

4 pm

Mr. Michael Moore (Berwickshire, Roxburgh and Selkirk) (LD): As ever, it is a pleasure to serve under your chairmanship, Mr. Gale. I hope that we will give you an easy time over the next half hour. I am not sure that I would express the same sentiments to the Minister, because I have a few hard questions for him. However, I am grateful for the opportunity to bring before the House the hugely important issue of the difficulties faced by the textile sector at the moment, particularly in my constituency, and I shall raise issues to which I hope the Government will respond.

4.1 pm

Sitting suspended for a Division in the House.

4.12 pm

On resuming—

Mr. Moore: The textile sector is a huge and important part of Britain's manufacturing economy, but there is sometimes a tendency for people to talk it down. I am absolutely not in that camp. I think that British textiles remain at the forefront of the industry and are among the finest anywhere in the world, particularly the sector that I represent—the Scottish cashmere industry in my constituency in the borders. We have some of the finest and best-designed textiles to be seen anywhere. The cachet of Scottish cashmere is such that the knitwear from my constituency features in major designer collections year after year. That is not a recent phenomenon; it has happened for generations.

In Hawick, Selkirk and Galashiels in my constituency, thousands of people's livelihoods depend directly or indirectly on the success of the cashmere industry, and they are rightly proud of the heritage that it represents. They are also still confident about its future, and I share that confidence. Research carried out by Scottish Enterprise a couple of years ago highlighted that there are more than 40 companies in Scotland involved in cashmere, most of which operate internationally. They have about 4,000 direct employees, about 50 per cent. of whom are based in the borders.

The textile sector generally, and the knitwear part of it on which I focus this afternoon, has had decades of the fiercest competition. We in the south of Scotland are not newcomers to the pressures of globalisation such as the supply of yarn from China, the increased manufacturing competition—albeit at a different end of the fashion scale—from China, and the fact that customers are based in all parts of the world.

The industry has not hidden behind protection or looked for easy assistance in the past, but this sector and the group of companies within it are now under serious pressure, like so many other manufacturers across the United Kingdom. The companies that I am talking about have survived because they have continually exceeded their customers' expectations, have reinvented their manufacturing processes and have achieved world-class service standards. If someone needs two jerseys to be knitted and in Manhattan by Friday, it is just about possible to have that done in the borders today and to

have it there on time. Very few parts of the world can offer that level of service, but my constituents and the companies that I represent do that week in, week out. A company does not get to be a fixture in Bond street in London, or on Fifth avenue if it is behind the curve, and none of those companies is in that position. But—a but was inevitable—I have identified three major and specific areas of challenge in which I believe the Government should get involved and offer support.

The first area is finance. Through no fault of their own, many of those companies face the most serious credit crunch that they have ever experienced. Often, they are family companies that go back for generations, that are used to managing their finances carefully and used to the pressures that their product design cycle and customer payment habits have forced on them. Orders are placed in spring, and companies begin to make up orders later in the year, making huge investments in stock and wages over summer and into autumn. Then, the customer gets the goods, and it can be 90 or 120 days before the cash comes back. Cash is always at a premium for those businesses, but right now, as in so many areas of business, suppliers are shortening their terms of credit, and customers are extending theirs.

Meanwhile, the banks have taken the opportunity provided by the recent chaos to introduce charges for things that nobody ever previously imagined they could charge for. The reduction in competition has meant that the costs of banking finance have increased enormously, assuming that it can be obtained at all. That is a big issue with many banks. I hope that when the Minister responds, he will give specific examples of companies that are getting support through the various Government schemes. I have to tell him that my discussions with senior figures in all the local companies that I represent have revealed a terrible mismatch between Government policy and expectation about what the banks are doing, and the reality on the ground. The Government must look into that gap, find out what is going on and make the lending happen.

A second problem that I did not expect, which has become a huge issue for my local companies, concerns the behaviour of energy suppliers. I have been staggered to find, on more than three occasions in the past six months, that energy suppliers—each time a different one—have been demanding huge security deposits from companies before agreeing to continue their supply of electricity or gas. I am talking about figures of tens of thousands of pounds being imposed on companies that are not in a position to pay them. Those companies do not have poor track records on payment: they have honoured their bills and received their electricity and gas reliably, without any issues. Again, there has been a change in behaviour among the major players in the market, with tens of thousands of pounds being demanded and premium rates being charged. As if demanding a security deposit were not enough, advance payments have also been demanded on many occasions.

I raised that, privately, with one of the energy Ministers, who has now moved to a different Department. He was sympathetic privately, and I would be interested to know to what extent the Minister here today finds that behaviour to be common across the country. If it is news to him, I hope that he will urgently go back and insist that both his Department and Ofgem look at how those companies are behaving.

A third area of concern relates to skills, which are at the core of all those businesses. To witness the hand stitchers, see the skills in the weaving sheds, as I have done countless times over the years, and see the years of experience that go into finishing goods, is to realise the almost magical quality that is required, for example, in understanding how much to wash a cashmere sweater before it is ready to take to the client. That might not depend simply on training—perhaps there is something magical about it. Those skills are precious and need to be retained. Right now, when many companies are struggling, the cost of training is a major issue for them.

It is deeply unfortunate that, into that mix, the doubts about the future of Skillfast-UK have come to the fore. The sector skills council responsible for the textile industry, as is well documented, is now appealing against the decision to disband it, although I am yet to find out formally the outcome. The Minister wrote to one of my constituents recently about that issue—I shall refer to that letter in a moment—stating that he could not announce anything. I wonder whether he will be in a better position to do so today. I am not picking up the baton on behalf of Skillfast-UK, but I do want to know what will happen if it no longer exists, because if it goes, what will replace it? Leaving the textile sector without that support will be a damaging decision in the industry's hour of need.

The issue of skills has been raised by many Members for many years with different Ministers. Alongside that, I will mention two other issues: country of origin labelling and passing off. It is of great concern to my constituents and the textile companies that the country of origin labelling is not adequate enough to allow us to show that the goods produced in my part of the country are produced in Scotland, or even in the UK. It is too easy for others to pass off their goods as having been made in Scotland, and that has been batted backwards and forwards between us and Europe.

I am looking this afternoon, as a minimum, for an assurance from the Minister that the Government will vigorously continue to pursue that issue and take action to ensure that the right powers are in place for trading standards authorities and others to tackle passing off. To suggest that something is made in Scotland when it has been made several thousand miles away is clearly unacceptable. It is a fraud on my constituents who make the garments and on the customers, many of whom are from overseas and come to Scotland to buy them.

In the summer I had a meeting with the Minister and my constituent, Ken Pasternak, to whom the Minister has recently written. I would like to put on the record some of the issues Mr. Pasternak raised in his letter, in particular the issue of export credit insurance, which, if made available, would substantially help textile companies by reducing some of the risk that the banks fear there is in manufacturing, particularly in textiles.

I am afraid that the Minister's response did not go down terribly well with Mr. Pasternak, who, as the Minster will recall, is a gentleman of direct language—I will not repeat what he said when we spoke about the issue a few days ago. The suggestion that the Government are monitoring the situation cuts no ice with businesses that are struggling here and now, and I fear that some of them are in a fragile state and may suffer accordingly.

[Mr. Moore]

Mr. Pasternak also highlighted the need to put ourselves on a level playing field, particularly with regard to the support packages that have been made available to Italian competitors. Again, that was brushed aside in the Minister's response, but I am afraid that I did not see a strong argument for the decision to sidestep the issue. If our main competitors within Europe are getting that support, it is hard to argue that we should somehow do without it. Mr. Pasternak also raised the issue of tax credits for samples production and for innovation. I apologise if I missed it, but I did not see much of a response to that in the Minister's letter.

I hope that I have made clear how serious the problem is. Yesterday, Lochcarron of Scotland announced the closure of its knitwear operation in Hawick, putting 38 jobs at stake in my constituency. The management hope, as do I, that they will be able to get jobs for them in Hawick, or certainly elsewhere in the sector, and that the business in Selkirk will continue profitably. That is a reminder that businesses are having to make tough decisions right now and that things are very difficult indeed. I hope that the Minister has noticed that I have not stood here and asked for lots of money this afternoon, or for the Government to write big cheques. However, I have asked them to exercise the powers that they already have and which they need to use more vigorously, and I hope that the Minister will do that.

4.26 pm

The Parliamentary Under-Secretary of State for Business, Innovation and Skills (Ian Lucas): It is a pleasure to appear before you for the first time as a Minister, Mr. Gale. I congratulate the hon. Member for Berwickshire, Roxburgh and Selkirk (Mr. Moore) on securing the debate. I would like to start by apologising formally to him for the delay in writing to Mr. Pasternak following the meeting we had in the summer; that was quite unacceptable. I was unaware that he had not been written to before, so I am sorry that the letter arrived with him only last week.

The hon. Gentleman is a strong and powerful advocate for the textile industry, and I know the area he represents very well. He has eloquently set out the importance of the industry to his constituency. Of course, the textile industry is an important part of Britain's manufacturing base. I fully take on board its importance and fully recognise that times are very tough for it indeed, as they are for most industries at present. As with all industries, textile manufacturing in the UK is reinventing itself, and the hon. Gentleman referred to the innovation of the textile industry in his constituency and the way it has been able to change, developing from a cottage industry at its inception hundreds of years ago and through the industrial revolution of the 19th and 20th centuries, which saw a massive textile industry develop in the UK as a whole.

Although the industry has of course reduced in size in recent years as intense competition from Asia has hit it hard, it has, as he described, moved up the value chain and specialised in high-quality, niche products or high-tech "technical textiles". That is a journey that most UK sectors in the globalised economy have made, moving up the chain and focusing on quality. That change is vital to the textile industry's continued competitiveness. While the sector is not as big as it once was, I fully accept that it is an important part of the UK's manufacturing base.

For the Government and for me personally, manufacturing is extremely important. We are still the sixth largest manufacturing country in the world. Manufacturing employs 3 million people directly in this country, contributes £150 billion to the economy and accounts for half of Britain's exports. It is responsible for 75 per cent. of our business research and development. The textile industry is part of that industry and deserves Government support. Of course, economic development in Scotland is a devolved issue, and I understand that the hon. Gentleman and representatives of the industry in Scotland have ongoing contact with Scottish Ministers as well. I believe that John Swinney, the Cabinet Secretary for Finance and Sustainable Growth, will be attending the Scottish textiles annual conference tomorrow.

The Scottish Government offer a wide range of support to the textiles industry through Scottish Enterprise, Highlands and Islands Enterprise, Scottish Development International and Skills Development Scotland. It includes innovation and investment grants such as regional selective assistance grants and the Scottish Manufacturing Advisory Service, a resource that has recently been enhanced significantly to ensure timely and specific company support for all manufacturing businesses, including those in the textiles sector.

Those companies availing themselves of the Manufacturing Advisory Service, which has a track record of providing practical advice to improve capabilities, efficiency and productivity, report real benefits from the process. Indeed, Peter Scott & Co. Ltd, which is run by Mr. Ken Pasternak, to whom we have referred, is one of the companies that has benefited from Scottish MAS advice. I understand that after receiving advice, on-time delivery improved from 52 per cent. to 91 per cent. in just three months.

The Scottish Enterprise textiles team is working closely with the industry through the National Textiles Forum and the industry steering group on a programme of activity to support the textiles industry through these challenging times. More widely, manufacturing will play a key part in helping us to rebuild growth across the UK. That is why we have specific help in place for the manufacturing sector. Our manufacturing strategy brings together £150 million of support in the medium term, and will help business to access increased skills and technology support, and to be successful in entering new and emerging markets.

I am conscious that many textiles companies are relatively small businesses. It is vital that small and medium-sized enterprises are helped during a period of economic downturn, as their survival in the current economic climate will be crucial to maintaining employment and economic activity in the short term, and to providing growth as we look towards recovery.

Co-ordinated action is being taken by all relevant Government Departments and agencies in providing real help for business now. Some of the different measures that the Government have introduced include securing legal commitments that will ensure that over the 12 months from March 2009, the Royal Bank of Scotland and Lloyds will lend, on a commercial basis and subject to demand, an extra £27 billion to businesses. Barclays and HSBC have made an additional £6.5 billion of

business lending commitments, and an enterprise finance guarantee scheme that will secure up to £1.3 billion of additional bank loans to small firms with a turnover of up to £25 million has also been introduced. So far, £880 million-worth of eligible applications from more than 7,700 firms have either been granted or are being processed or assessed.

The Government have also introduced a £75 million capital for enterprise fund—£50 million directly from the Government, which is augmented by £25 million from the banks—to invest in small businesses that need equity. So far, fund managers have made offers totalling more than £56.4 million to 37 businesses.

Yesterday, the UK Export Credit Guarantee Department launched a letter-of-credit guarantee scheme to assist UK exporters by boosting the availability of short-term export finance. The new scheme should provide further help to UK exporters, particularly smaller companies that export to emerging markets, which is where letters of credit are most used and where new opportunities can be found.

Over the past year, we have also been working to give help to business to ensure that the UK's productive base comes through the recession. We are focused on how we can rebuild growth and are looking at our strengths and capabilities to determine how we can position ourselves to grow in the long term. The central remit of the Department for Business, Innovation and Skills is to invest in growth and to help build for the future. Earlier in the year, we published our strategy in "New Industry, New Jobs", which builds on new ideas to ensure that SMEs are able to grow when the upturn comes, and makes the case for continued investment in innovation and new technologies.

Turning to the specific points raised by the hon. Member for Berwickshire, Roxburgh and Selkirk, I represent a manufacturing constituency myself, and many SMEs in my constituency have been encountering the kind of difficulty that he described. I am well aware of the disappointment, to put it mildly, that is felt in many parts of business and by many individual company and business owners at the attitude of the banks and the line they have been taking.

The Department has a "help for business" team, which has been dealing with many cases that MPs have brought forward. The team has worked with banks to try to resolve particular difficulties relating to specific companies. I availed myself of the service before I became a Minister and have done so since. I have found that its efforts have been greatly valued by many of the companies that approached the Department. If the hon. Gentleman is aware of any companies that wish to avail themselves of the service, he should by all means bring them forward, and the Department will do its best in those individual cases to make contact with the banks and try to take matters forward.

I am grateful to the hon. Gentleman for the point that he made about energy companies, the deposit scheme and up-front payments. The issue had not been brought to my attention before, but I am concerned by what he said. I shall go straight back to the Department and look into it, liaise with other Ministers who may be aware of it and see what the regulator has to say about it. The matter does cause me concern, and I am grateful to him for raising it.

On Skillfast, I am afraid that I cannot give the hon. Gentleman further information. Unfortunately, he received the letter from me only recently, as I said earlier. The Government have not at this stage reached a decision on whether Skillfast should be offered a new licence to continue as a sector skills council, but I expect that Ministers will reach a decision soon.

I have again taken on board the country-of-origin point that the hon. Gentleman raised, which has often been raised in this House in many different contexts. Of course, because of the particular value and style of the products we are discussing—textiles, particularly Scottish textiles—this is an important issue, and I assure him that I will do all I can to take the matter forward. It is extremely important that a distinctive and great British product such as Scottish textiles should be protected fully and should not be undermined by the country-of-origin problems or passing off that he described.

I am grateful to the hon. Gentleman for putting his case to me and for securing this debate. He raised several issues, some of which I shall investigate further because they affect businesses not just in his constituency but right across the country. I am determined to do all I can in my role to assist particular businesses and sectors. I assure him that I regard the Scottish textile industry, which is so firmly based in the borders, as an innovative industry with a great product. It is an industry that exports around the world and an industry for the future, and the Government are determined to do what they can to continue to support it.

Fostering Services (Ofsted Supervision)

4.39 pm

Mr. James Plaskitt (Warwick and Leamington) (Lab): I am grateful to have the opportunity, granted by Mr. Speaker, to raise this matter, which is important to my constituent and to me. At issue, in essence, is the conduct of successive regulatory bodies in respect of fostering and the fact that, early on in this case, as I will explain in a moment, regulators seemed to get off on the wrong track and have simply not been able, for various reasons, to get back on track since. The impact of that is that my constituent, to whom I will refer as Ms A throughout this debate to preserve her anonymity, has not been able to secure justice. She certainly does not have peace of mind and her livelihood, and that of her partner, as a foster carer is constantly in jeopardy as a result of the failings of regulators in the past and the inability of the present regulator to set things straight. Although the issue has been long-running, it can be resolved and at the end of my comments I will say what I think we can do to bring it to that conclusion.

Let me give a brief history of this long-running matter. It starts in 2002 with the inappropriate placement of a child by an agency working, at the time, with the local authority in Northamptonshire. I will not go into the details of the inappropriate placement, because the Minister will have it on file. Attempts were made to deal with the issue in an entirely sensible, low-key way, without engaging other organisations, but they did not succeed. The Fostering Network recommended to my constituent that she should make a formal complaint about what had happened, not just to remedy her own situation but to try to ensure that similar things did not happen to other foster carers in the future, which was reasonable. Indeed, at the time it was recommended that the services of a mediator should be engaged.

The agency in question acted aggressively to that approach and instead of trying to resolve the matter it decided to set out on a review of my constituent's registration as a foster carer. That meant, in the end, that the matter was referred to the National Care Standards Commission, the regulator for fostering services at that time, which initiated some investigations. The first two investigations were poorly done and I advised my constituent to go for a final, third-stage review, which she did. That review fully upheld her complaint. I emphasise "fully", because that is important. The review criticised the agency and suggested that its fitness to operate should be reviewed—not the fitness of my constituent the foster carer, but the fitness of the agency that made the mistake—and called on the NCSC to remedy its procedures, which had also let my constituent down.

The mediator performed a strange role. He wrote reports about my constituent, despite the fact that he had never met her. Furthermore, he turned out to be working for the agency and was, in fact, trying to help the agency secure its own ongoing registration. I do not believe that the mediator brought in to deal with the case ever had an objective view of what was going on.

We had some positive responses from the third-stage review, as we expected. Northamptonshire, the authority involved in the initial mistake, issued my constituent a full apology and that was the end of the matter with that authority, as far as she was concerned. The role of Warwickshire, which was also involved, was referred to the local government ombudsman, who ruled fully in my constituent's favour and, again, apologies were given to my constituent, and disparaging comments in the authority's records were removed as a result of the ombudsman's ruling. Those are examples of good outcomes, which should have flowed from the third-stage review, but the regulator—the third leg—carried on regardless and did not heed the review's recommendations.

During the process, the regulator became the Commission for Social Care Inspection, which was the next party in this saga, and it was ultimately forced to review its conduct in the matter only because I raised it in an earlier Adjournment debate, in September 2004. That should have been the end of the matter, because it should have brought about a resolution in respect of the behaviour of the regulators, but it did not. Like the agency, the CSCI, for reasons that I have never been able to fathom, also turned the tables on my constituent and, in the end, published a report that was critical of her, not a report on itself. That report contained scores of inaccuracies and ignored evidence that had been submitted by my constituent.

My constituent saw the CSCI draft report before publication and so did I. I told CSCI not to publish the report until it had corrected all the inaccuracies it contained. I also told CSCI that it should only publish a report that was evidence-based. It ignored me and my constituent and published the report anyway. The report is damning to my constituent's reputation, which is why I am still pursuing the case.

Today, seven years on from the original incident, quite a lot of people involved in the early stages have moved on and are not part of the story any more. The agency has morphed into another organisation and has almost disappeared from view. But what remains today are inaccurate, disparaging comments about my constituent littered throughout the reference files of local authorities who commission fostering, and of the regulator—often placed there by the regulatory bodies and by others who have not listened, not read and not absorbed the evidence given by my constituent and who have still, to this day, not heeded the recommendations of the third-stage review.

I have recently turned to Ofsted, which is now the third regulator that I have dealt with, to try to get a resolution. I was initially encouraged, because Ofsted sent officials to visit my constituent at her home. They spent a long time with her and went over all the case history in great detail. I have seen a video version of that encounter and know how thorough the officials were. They were sympathetic and took away a list of things to work on so I thought that finally we were getting to where we needed to be to resolve the matter.

Ofsted's meeting with my constituent took place in January. Months passed and we heard nothing, so I decided in May to contact Ofsted to find out what was going on. I asked if it was following up the matters that it had agreed, with my constituent, to pursue. I asked what was the conclusion of its study of the transitional orders, which it said that it would look at to see how it could pick up the case, which previously was not Ofsted's—it was with other regulators. I also asked, "How are you getting on working with local authorities and others to

cleanse records of documents that should not be there, because they are inaccurate and unfair to my constituent?" I asked it to do those three things.

I eventually received a response on 2 July from Christine Gilbert, the chief inspector, which I have to say is inadequate. It says:

"We—

Ofsted—

"decided that it was not appropriate for us to take any action because CSCI had completed their investigation into her concerns...and there was nothing new in the information that we received."

That is completely irrelevant. Of course, there is no new information, because we are trying to resolve an issue that now has some history. To come back after all that and say that there is no new information totally misses the point about why we are asking Ofsted to try to resolve this long-standing issue.

The letter from Christine Gilbert also declares that Ofsted has no powers to order the correction of personal information held by other organisations. It suggests instead that my constituent goes to the Information Commissioner and the Information Tribunal. Ofsted knows that we have tried that route, so to come back and suggest it again is, frankly, irrelevant. I understand that the Information Commissioner's office does not have the power to tell local authorities to remove documents or amend them. It has the power to discover them and to publish them, but not to do what we need. I am afraid that the response has not been adequate.

My constituent is a foster carer of impeccable character. She has been persistent and determined in pursuing a remedy, and I know that has rubbed some people up the wrong way, but why should she not be persistent and determined when she is still the victim of injustice? She has constantly been let down by organisations that we thought were supposed to help, resulting in her livelihood as a foster carer remaining in jeopardy. As I said to my hon. Friend the Minister, the matter can be resolved, and that requires three things, which I hope the Minister agrees can be done.

First, Ofsted should forget about the letter that it sent me, look again at all the evidence that it has, and issue an apology to my constituent for its response and the inadequacy of its predecessor organisations. Secondly, I really believe that Ofsted is capable of working with the local authorities involved to help them to remove from their records the documents that should not be there because they are wrong, inaccurate, unfair to my constituent, and contain information that the third-stage report shows is not correct. What should remain on record are statements that are factual and evidence-based. What should not be on anyone's record is the opinion of an interested party who decided to take on my constituent rather than remedying the wrong. Thirdly and finally, I believe that Ofsted has the power to interview and intervene with the key individuals who are still, to this day, commenting on the matter, and to encourage them not to do so and not to repeat opinion, but to rely only on fact. Ofsted has the power to do all those things.

My constituent's seven-year nightmare—she is a committed, professional foster carer—could be brought close to an end today if my hon. Friend the Minister would agree to those three things. Not only would that be an extremely satisfactory outcome for her, it would help to restore confidence in the role of regulators on whom all foster carers, at some point, may come to rely.

4.52 pm

The Parliamentary Under-Secretary of State for Children, Schools and Families (Mr. Iain Wright): I welcome you to the Chair, Mr. Gale. It is a pleasure to serve under your chairmanship.

I congratulate my hon. Friend the Member for Warwick and Leamington (Mr. Plaskitt) on securing this important debate. He has campaigned on the matter for some time, and it is a reflection of his diligence, professionalism and commitment that he has pursued it in the House for many years. He referred to his Adjournment debate on the matter in September 2004, and it is a credit to him that he is still pursuing the case on behalf of his constituent.

Like my hon. Friend, the Government recognise the critical role that foster carers, youth workers and many others play in giving children the emotional support and resilience that they need to succeed, and the security and continuity that they will come to rely on as they grow up. Our starting point, and the fundamental principle that we must address, is that every child should be brought up in safety with the opportunity to succeed to the very best of their ability, at the same time recognising that we often rely on achieving that principle and objective through the incredible support and dedication of foster carers such as my hon. Friend's constituent.

We can always do more, and we must not be complacent. Complacency should never be allowed to creep in, especially in relation to looking after vulnerable children and providing support and help to the foster families who help us to achieve that. I am acutely aware of that, and the case that my hon. Friend raises only emphasises the importance of getting things right first time, every time. He is absolutely correct to highlight the fact that foster carers should be given full and frank details of the children who are admitted to their care. He will be aware, as I am, of the disappointing results of the Fostering Network survey, which found that only about half of foster carers reported that they were given the information that they needed to look after children in their care safely. That was, in essence, the starting point of my hon. Friend's constituent's concerns.

The situation was not acceptable and the Fostering Network survey's findings are not acceptable. I cannot excuse that, and I want the problems to be improved. That is why we issued a letter to all directors of children's services, and chief executives, making clear the importance of sharing with foster carers information about children placed with them. As my hon. Friend knows, the letter stresses the point that foster carers should be provided with sufficient information about the child's needs. That should be in addition to relevant information about the child's previous history, behaviour and experiences to ensure that the foster carers can best meet the child's assessed needs and to keep the foster child and others living in the same household safe from harm. I know that that is a particular concern for my hon. Friend. The information should be provided to the foster carer before the child is placed or, in the case of an emergency placement when all the information may not be immediately available, as soon as practicable.

[Mr. Iain Wright]

My hon. Friend in his professional way mentioned three issues, and I shall address them in turn. He asked whether it is acceptable for Ofsted to have a year zero approach, and about Ofsted issuing an apology on behalf of previous regulators. He asked about the removal of data concerning his constituent and anything that disparages her reputation, which is incredibly important to her as a professional foster carer, and he also asked about Ofsted investigating people who are still misrepresenting the case and offering opinion rather than empirical evidence. I shall deal with each in turn.

On Ofsted taking a year zero approach to such cases, when it took over responsibility for regulating independent fostering agencies from CSCI, it was agreed that when an investigation into a registered provision or any enforcement action was ongoing at the time of transfer, Ofsted would take over the case. It was also agreed that in the case of a complaint about action taken by the previous regulator it would retain responsibility for concluding any investigation. I assure my hon. Friend that there was never any prospect of Ofsted washing its hands of ongoing cases. His comments today demonstrate that Ofsted had a productive meeting with him and his constituent. I know that he is disappointed by the letter that he received from the inspector, but my understanding is that Ofsted decided that it was not appropriate to take action.

CSCI had completed its investigation into Happen Fostercare some time before the transfer and crucially—this is a key point—there had been an independent third-stage review, to which my hon. Friend referred. I understand that the review was conducted by Judy Downey and concluded in March 2004. I have read the *Hansard* report of my hon. Friend's previous Adjournment debate on the matter, when my hon. Friend spoke very strongly. I understand that the detailed report reached some important conclusions—I think that was the phrase he used—not least of which was a vindication of his constituent, particularly her reputation. That is important.

A large file of information—my hon. Friend alluded to it today—was provided to Ofsted in May 2007. I am told that Ofsted looked at that carefully to see whether an investigation could be carried out, but its decision was that such an investigation should not be opened. At the time, Happen Fostercare had been sold to Fostering Solutions, and the individuals about whom my hon. Friend's constituent had concerns were no longer connected with the company.

My hon. Friend mentioned that last year Ofsted was approached with concerns about incorrect statements being made about the outcome of the CSCI investigation into his constituent's complaint being published on the Happen Fostercare website and circulated to local authorities. I am told that Ofsted visited my hon. Friend's constituent and explained the limits of its powers. I understand that following the visit, Ofsted reviewed the matter and again concluded that nothing in its remit allowed it to investigate Happen Fostercare, particularly—this is an important point—as the agency had been sold to Fostering Solutions.

My hon. Friend asked whether Ofsted should issue an apology, a question that was raised in the Adjournment debate in 2004 and again, most eloquently, this afternoon. He will appreciate that it is not for me to apologise on behalf of Ofsted. That must be a decision for Her Majesty's chief inspector. However, if it would help—I hope that it does, as I respect my hon. Friend a great deal for bringing the case to the House again—I undertake to ask Ofsted to respond to the serious issues that he raised today and to make the inspector's reply available to him.

One of the key factors that has emerged from the 2004 debate and today's debate is what Ofsted is doing to improve inspections to ensure that such things do not happen again.

Mr. Plaskitt: Before my hon. Friend moves on—has he moved on from the cleansing of the records?—I will return to the subject. From what he has said, it remains the case that documentation is being accessed by local authorities that are considering fostering placements that refers to my constituent, and it contains statements and comments about her that are untrue and unfounded and are clearly contradicted by the outcome of the third-stage review. I hope the Minister shares my concern that it is not fair or just to my constituent for that to continue. How can we ensure that those records are cleansed of statements that should not be there? How can we ensure that the records that relate to this case are purely factual?

Mr. Wright: I reassure my hon. Friend that I had not moved on. We are dealing with important matters to do with data and information.

My hon. Friend mentioned a number of times the need to cleanse data files from a variety of sources. I have made inquiries, and I am assured by Ofsted that it does not hold any information that places his constituent's livelihood in jeopardy. As for the important point about local authorities, I am confident that it is outwith Ofsted's remit. The advice that my hon. Friend has been given about the Information Commissioner seems appropriate. I can check that again and I would be happy to correspond with my hon. Friend on the matter, but Ofsted has no power to instruct local authorities to cleanse their records of data. That would be a matter for the commissioner. Again, if my hon. Friend wishes it, I would be more than happy to consider the matter one more time, but I am confident that that is appropriate.

Mr. Plaskitt: I am grateful to my hon. Friend for indulging me. Ofsted may not have the power to instruct local authorities, but how would my hon. Friend feel about writing to local authorities requesting that they take a look at their records on this case?

Mr. Wright: I am keen to do anything I can to help my hon. Friend and his constituent with what must be an incredibly distressing matter. My interpretation of the facts, after discussion with my hon. Friend and having read the previous Adjournment debate, is that the local authorities concerned seem willing to help in whatever way they can. If it would help, I can try to see whether that is possible. However, as a result of the powers given to Ofsted by the House and Parliament, I believe that it would be more appropriate to go through the Information Commissioner.

On a similar note, my hon. Friend said that individuals are still misrepresenting the case. Again, I reiterate that, as set down by the House and the other place, Ofsted

does not have the remit to investigate individuals who are not part of registered and regulated provisions. Only if a setting is registered can it investigate in order to establish compliance with national minimum standards and regulations. I reiterate the point about raising concerns on personal data with the Information Commissioner, which is an appropriate response, but I am more than happy to reconsider the matter.

We want to move forward and try to ensure that everything is right first time and every time—an important principle. I mentioned the quality of Ofsted inspections and improving the inspection regime. Ofsted now reports on the outcomes for children and young people, making them more child-focused. It issues additional guidance to inspectors to ensure that they use the same criteria when making inspection judgments. It is also increasing the accessibility of its pre-inspection questionnaires, so that they are clearer, easier to use and available in symbols, which enables a wider range of children to express their views.

In addition, I am aware that further work is under way to improve the inspection framework for fostering services. My Department is helping by consulting on the revised national minimum standards, which are more focused on outcomes for children; they are also clear about the need to share information with foster carers that relates to children's backgrounds.

As I have outlined, the Government place huge value on the army of good foster carers, who do so much to improve young lives and to inspire and safeguard children. We have done much to support them, as I outlined earlier, and wish to continue working with stakeholders to determine what more we can do to help in the local recruitment of foster carers. As my hon. Friend pointed out, if we are to attract people into foster caring and retain our existing foster carers, we need to make sure that they receive the right support.

The White Paper "Care Matters" set out our plans for improving the training of and support available to foster carers. We must continue to do everything in our power to build on that good work, in order to ensure that foster carers feel valued and appreciated for the incredible work that they do, so that young people everywhere have the same opportunities and rights to enjoy their childhood in safety.

I applaud my hon. Friend for what he is doing on behalf of his constituent, but I fully agree with him that this issue has taken far too long to resolve. I shall do all in my power under the regulatory regime provided by this place to ensure that my hon. Friend's constituent can find closure on the matter, ensuring that her reputation as a foster carer and a professional is not besmirched. I shall do all I can to work with my hon. Friend to ensure that that happens. Again, I congratulate him on securing this debate. Hopefully, but after far too long, we can seek resolution.

Question put and agreed to.

5.7 pm

Sitting adjourned.

Westminster Hall

Thursday 22 October 2009

[Miss Anne Begg *in the Chair*]

Licensing Act

[Relevant documents: Sixth Report from the Culture, Media and Sport Committee Session 2008-09 HC 492 and the Government Response, Cm 7684.]

Motion made, and Question proposed, That the sitting be now adjourned.—*(Mr. Bob Blizzard.)*

2.30 pm

Mr. John Whittingdale (Maldon and East Chelmsford) (Con): I am grateful for the opportunity to debate the Culture, Media and Sport Committee's report on the Licensing Act 2003. The Committee held a wide-ranging inquiry into the Act. We had four public evidence sessions and received a wide range of submissions, and I would like to put on record my thanks, and those of Committee members, to our staff and to our legal adviser, Sara John.

The principle of post-legislative scrutiny is a good one, and it would be helpful if more Acts could be looked at two or three years after their implementation to see whether the objectives set out when a Bill was first introduced have been achieved. No one could possibly argue with the objectives of the 2003 Act. The four licensing objectives clearly make common sense and the Act's intention, which was to streamline the process and make it easier to reduce costs, is one we all supported.

Mr. Mark Field (Cities of London and Westminster) (Con): I apologise for intervening so early, but having sat on the Bill's Standing Committee, and as the legislation affects central London, where there are many licensed premises, I must say that we had significant objections to what it was trying to achieve in the first place. We wanted to see streamlining and cost-effectiveness, but our biggest concern at the time was that the legislation had not been properly thought through and that unfortunately it was driven more by the objective of obtaining large moneys for the Labour Government from the large-scale alcohol and entertainment industry.

Miss Anne Begg (in the Chair): Order. I remind the hon. Gentleman that he is making an intervention, so he should keep it short and make his point briefly.

Mr. Mark Field: I shall, Miss Begg, and I take your point, although I believe there are another 147 minutes to go. My point is that many of us had grave concerns about the legislation, and I am afraid that they have been borne out, as the Committee's excellent report shows.

Mr. Whittingdale: There are concerns, which I shall move on to. I recognise my hon. Friend's position, as he represents an area that presents unique challenges for licensing authorities. I was shadow Secretary of State when the Bill was going through Parliament and recall going out with representatives of Westminster city council one night to visit what I believe are called vertical drinking establishments, which pack in many people whose sole purpose there is to drink as much as possible.

I also met local residents who, night after night, had to put up with drunken yobs vomiting on their door steps, and all sorts of other unpleasant behaviour. The challenges in Westminster are probably far greater than those anywhere else, so I fully recognise the concerns raised by my hon. Friend, who has done a good job in speaking up on behalf of his constituents who have to live with that kind of behaviour. I will return to that point shortly.

Still in the spirit of trying to be positive, we found that the Act had in the main achieved many of its objectives, but we identified several areas where we felt it was not working as the Government had intended, or where it could be improved. The Government's response to our report was full of warm words, which were welcome. They told us how helpful the report had been, that it contained practical and helpful recommendations and that they were pleased to be able to accept, or partially accept, the majority of the 26 recommendations. On examination, we found that those were the recommendations in which we had, in essence, agreed with the Government, so perhaps it was not wholly surprising that they agreed with us.

However, there were one or two areas where we had significant differences, and I think that it is true to say that the Government did not accept our recommendations on any of them. Those are the areas on which I wish to concentrate today, because they continue to cause concern. The biggest area of concern relates to live performance.

Paul Farrelly (Newcastle-under-Lyme) (Lab): Clearly, we in the Committee are concerned that the Government have not gone far enough in their response to the report, but will the hon. Gentleman at least welcome the proposal to exempt venues with a capacity for 100 people for live music from having to go through the licensing bureaucracy? That would help pubs, in particular, which used to benefit from the two-in-a-bar exemption, and in fact goes further than that. Will he at least congratulate the Minister on that proposal?

Mr. Whittingdale: Up to a point. The proposal is late and fairly small, and I will speak about it at greater length shortly, although any movement on the part of the Government is clearly welcome. As I said, I was acting in a different capacity when the Bill was going through Parliament, and it was notable that much of the debate then related to the implementation of what the media termed 24-hour drinking. As we all know, very few establishments applied to open for 24 hours.

Nevertheless, there have been concerns about the impact of shifting closing times, and the Committee received some worrying evidence from the police about the effect in inner cities. The Police Federation made a strong case for the view that the period when there was most public disorder and potential for problems had simply shifted from the period between 11 pm and midnight to between 2 am and 3 am. That obviously put much greater strain on the police and meant that their shifts had to be longer, with more overtime. Generally, the measure has not really led to a reduction in the problems they faced, but has simply shifted them to a more inconvenient time both for them and, presumably, for residents in local communities.

Mr. Mark Field: At the time, much of the publicity about the legislation focused on 24-hour drinking, and my hon. Friend is absolutely right to say that there has not been an explosion in 24-hour drinking and that most licensed premises have not gone down that route, but does he agree that the bigger concern, which has been borne out in the five years since the legislation came into force, relates to the rights of local residents? In areas that may not have had many licensed premises before, residents' interests have been put in a much more secondary position than under the old regime, when licensees had to go to a magistrates court for licensed premises permission.

Mr. Whittingdale: As I said, I have spoken in the past to the local residents my hon. Friend represents and I recognise that they have particular concerns, which I fully appreciate. It would be worrying if the legislation has made it more difficult for them to register those concerns.

Richard Younger-Ross (Teignbridge) (LD): The hon. Gentleman mentioned problems in inner-city areas. The problem of shifting the trouble zone applies equally to rural areas and small seaside resorts such as Teignmouth and Dawlish, so it is not just an inner-city problem. The difficulty is that residents are now being disturbed at 3 or 4 o'clock in the morning, rather than earlier at 1 o'clock.

Mr. Whittingdale: It is probably fair to say that the problem will affect places that have a significant influx of people who do not live locally, which is the case with the west end of London and with seaside resorts, so I recognise the concern in those areas as well.

There have been disturbing reports about the growth of alcohol-related violence. A report in the *Evening Standard* the night before last said:

> "London has the highest rates of alcohol-fuelled crime in the country, with more than 80,000 drunken fights, rapes, burglaries and car thefts each year."

The Committee considered some of the problems of binge drinking. We looked, for instance, at drinks promotions, which I know the Government have been looking at too. I am slightly concerned that many of the initiatives on such issues seem now to be coming from the Home Office. I would be interested to know whether the Minister feels that he is still in control of licensing policy.

We also have a report that the Prime Minister would move to allow councils to suspend licensing in areas where there were particular problems with antisocial behaviour. I would be interested to know what has happened to that proposal—what is its present standing?

Philip Davies (Shipley) (Con): I congratulate my hon. Friend on being such an excellent Chairman of the Select Committee. He touched on drinks promotions. Would he agree that the vast majority of people in this country drink responsibly, and that banning those deals would be a completely over-the-top reaction and yet another triumph for the nanny state?

Mr. Whittingdale: I agree that the majority of people are responsible and enjoy drinking in moderation, and that it would be completely wrong to punish them for the irresponsible behaviour of others. As a member of the Select Committee, my hon. Friend will recall the promotions that were of particular concern. Some of those connected with happy hours, and clubs giving free drinks, create an incentive to drink as much as possible in a short space of time. Obviously, there are issues around the retailing of drinks, but I share his view that the Government should not try to ban promotions completely. As he said, the vast majority of people behave responsibly.

The first of the Committee's main concerns that I want to touch on is the cost of obtaining a licence. We accepted that much had been done to try to reduce the bureaucracy involved and to keep down the cost, and I am glad that since we produced our report, the Government have made one or two further moves that have helped. For instance, I welcomed the Legislative Reform (Minor Variations to Premises Licences and Club Premises Certificates) Order 2009, which means that an applicant does not have to go through the whole process of applying for a new licence if they want to make a small change to their licence. That was clearly sensible. I am also encouraged to see the announcement about online applications, which will obviously simplify the process still further.

Given the impact on them of the costs of the new regime, we had considerable concerns about community sports clubs and non-profit-making clubs. I should declare an interest: I am the vice-president of Maldon cricket club and vice-president of Maldon rugby club—a non-playing vice-president in each case, I am afraid, but I go to the matches and enjoy a pint from the bar in the sports club after the game.

I know from speaking to members of the club how important the income they receive from the bar is in sustaining the club. It is true that sports clubs have never found things easy, but they are having a particularly hard time at present. They are suffering from the economic recession in the same way as any other business, and they have had to put up with increased utility costs, music licence costs and the smoking ban, and the move to the new licensing regime has resulted in a significant increase in their licensing costs.

The Central Council of Physical Recreation gave evidence to the Committee that rang considerable alarm bells about the difficulties that sports clubs face and the danger that many would not actually be able to keep going. The CCPR said that 6,000 sports clubs were at risk as a consequence, at least in part, of the legislation. Surveys that it had conducted showed that most sports clubs fall into bands B and C, which means that the annual cost of renewing their licence is either £180 or £295, whereas previously it had been perhaps £16. Then, of course, they face additional costs for advertising licences and so on.

We very much supported the CCPR's proposal that sports clubs should be treated differently, one reason being that other establishments that sell alcohol are generally not contributing to a healthy population, whereas sports clubs most certainly are. Their main purpose is to encourage people to get out and play sport, which is something that the Government are keen to encourage, as is the Committee. If we are making it harder for such clubs to survive, that is a matter of concern, so we supported the CCPR's proposal that just as the Government created the community amateur

sports club scheme, which gave mandatory rate relief, there should be a similar provision that would mean that clubs are banded on the basis of 20 per cent. of their rateable value. That would cause all, or nearly all sports clubs to move to a lower band and, in doing so, would significantly help them by reducing their licensing costs.

The Government seemed to think that that would in some way subsidise the sale of alcohol. I do not accept that view. The Government recognised that sports clubs had a case for rate relief, and the case for licensing relief is equally strong. I hope that they will continue to consider and, indeed, accept our recommendation in that regard. Equally, we were concerned that non-profit-making clubs should not necessarily be treated in the same way as J.D. Wetherspoon and similar commercial establishments, and that perhaps they could be assessed on their bar area.

Another concern that we identified involved a national database of personal licence holders. Registering personal licence holders is clearly a good thing, but the fact that anybody who loses their licence through some transgression can go to another authority and apply for one without anyone being able to check on them seems to be a flaw. We received evidence from the Association of Chief Police Officers, which stated that the lack of such a database had caused concern to police forces nationally since the introduction of the Licensing Act. The Magistrates Association made similar representations to us and said that there really needed to be some kind of national register of personal licence holders. There is, of course, already a database through the Security Industry Authority for those who operate as doormen at establishments, and we cannot see why there could not be a similar arrangement for personal licence holders.

The Government say that there is not sufficient evidence to support the need for a database, but that is difficult to know. How can one tell the extent to which people may be applying for licences in other areas, having lost their licence in one area? An example given to us was that somebody might have trained in the hospitality industry in one place and applied for a licence from that local authority while undergoing education, then gone to work in a second authority, lost their licence and reapplied in a third. At present, that would be almost impossible to detect.

A concern with which the Government appeared to express some sympathy—I would be grateful if the Minister could update us—is what happens when a personal licence holder dies. At present, there are seven days in which to find a new licence holder for the premises. Obviously, it could be a tragic time, so we felt that seven days was too short and recommended 21. The Government accepted that case and said that they would consult on it, but I would be interested to know when the consultation will take place and whether the Government intend to make a change.

However, the main thing I want to highlight this afternoon is live performances. One of the most controversial aspects of the Bill was the abolition of the so-called two-in-a-bar rule, which previously exempted a venue where there were one or two performers from needing any kind of licence. That was something which, wearing my previous hat, I strongly opposed from the Opposition Front Bench. It was also opposed by the Liberal Democrats and it was fought in the House of Lords. The Government were forced to make some small concessions for reasons that were welcome but not quite clear. Morris dancing was exempted from the legislation, unlike any other kind of performance. Morris dancers are the one group that can perform without needing a licence. That has led to speculation about whether, if Metallica played with a morris dancer in the front, they might get around the legislation. I suspect that that is not so. It was a matter of great concern and, at the time, the Government said that they believed that the provision of the Bill would lead to an increase in live music performance, that the Bill certainly would not be damaging to it, and that they would keep an eye on this position.

I can tell the Minister that we have received quite a lot of evidence showing that there has, indeed, been damage to the performance of live music. One problem is that we will never know how many venues previously hosted live music performances by one or two performers but ceased to do so when they were required to apply under the Act, because of course previously they did not need to apply so there is no record of how many were doing so. But probably every hon. Member, including me, knows of pubs in their constituencies that did not want to go through the burden of acquiring an entertainment licence.

Lembit Öpik (Montgomeryshire) (LD): I support what the hon. Gentleman is saying. Does he agree that, especially in rural areas such as Montgomeryshire, where live music is part of the tradition of the county, many places that did not regard themselves as formal venues but nevertheless provided a starting point for many new musicians simply will not bother with the bureaucracy? Effectively, this legislation has kicked four or five rungs out of the bottom of performing arts in this country, to the great cost and detriment of our culture.

Mr. Whittingdale: I absolutely agree with the hon. Gentleman. There is real evidence of that happening, not just in Montgomeryshire but right across the country. As he suggested, those are the places where many bands start. They do not suddenly find themselves playing Wembley stadium; they would normally start off elsewhere. I remember in my teens seeing a band I had never heard of in a pub, playing a song called "Roxanne". I consider myself fortunate to have seen The Police in an audience of about 150.

Mr. Edward Vaizey (Wantage) (Con): What happened?

Mr. Whittingdale: I got old.

We have not just received evidence from pubs and clubs. I should like to draw attention to a submission I received just a few hours ago from the Independent Schools Association:

> "The administrative and financial burden on schools as a result of the…Licensing Act only serves to put so many off. Few have the capacity or resources to jump through all of the hoops that the Act suggests, and this"

is

> "a crying shame on so many levels. Schools want to provide a fantastic wealth of opportunities…and so many young people are inspired by the exposure to cultural activities…The 2003 Act was never intended to create such a burdensome, bureaucratic nightmare for schools".

And that does not just apply to schools.

[Mr. Whittingdale]

The Minister may be aware that I, and one or two other hon. Members, attended a demonstration a few hours ago in Parliament square, which was organised by Equity and the Musicians Union.

Mr. Vaizey: Was it licensed?

Mr. Don Foster (Bath) (LD): Yes.

Mr. Whittingdale: The hon. Gentleman says that it was. I am glad that my hon. Friend brought that up, because it is an interesting point. It seems that it was licensed, unlike the performance by The Frontiers, a young band from Liverpool, who on Friday 17 July played an engagement in the Department for Culture, Media and Sport in Cockspur street, which I understand did not have a licence. As was pointed out, that left the Secretary of State liable to a £20,000 fine or six months' imprisonment.

The demonstration was well attended by clowns, stilt-walkers and Punch and Judy men. We heard performances by Rhythms of the City, the Oompah Brass Band and Zambezi Express. Rhubarb and Rainbow the clowns were also present. However, the serious point of that was to reflect the concern right across the spectrum of performing artists about the effect of the Licensing Act. I was given a letter signed on behalf of Equity and the Musicians Union, which represent more than 60,000 performers and other creative workers and support the recommendations of the Select Committee report, particularly on red tape—the process of applying for a licence is too bureaucratic. They also strongly support the suggestion that licensing requirements should be removed for small venues and that the two-in-a-bar rule should be reinstated. I will mention other recommendations later, including on travelling entertainment in circuses.

There is no doubt that the requirement for all forms of live performance to be licensed is having a damaging effect. I understand from the newspapers that the Government have begun to shift on this. It is reported that the Minister will consult on bringing in an exemption for venues with a capacity of less than 100. As I mentioned earlier to my Select Committee colleague, the hon. Member for Newcastle-under-Lyme (Paul Farrelly), any movement is welcome. A consultation has been promised for a long time. However, I am not entirely convinced that there needs to be a consultation at all. The evidence is clear. A huge amount of work has been done already, demonstrating that there is a need to relax the law in this area. I am concerned, because apparently it will take three months for the consultation to take place—and then, I am sure, the Department will need to assess it and think about it. The chances of a change happening before a general election seem pretty slim. I hope that the Minister will assure me that I am wrong on that point.

The Parliamentary Under-Secretary of State for Culture, Media and Sport (Mr. Gerry Sutcliffe): I will mention what the hon. Gentleman says later, during my speech, but I just want to say that for me, this is about hearing both sides of the debate regarding live music. He has rightly focused on his worry about the impact on live music, but does he not have a view on, and will he say something about, the views of local authorities, the Local Authorities Coordinators of Regulatory Services and similar bodies, which have great concerns about our going too far on such issues?

Mr. Whittingdale: I accept that there is concern, although in my view a lot of the worries that local authorities rightly have can be addressed through environmental health legislation, for example. Actually, the practice of local authorities is also giving rise to concern, because even those venues that have taken advantage of the Act and applied for an entertainment licence are finding that the conditions being imposed are in many instances draconian.

I do not know whether the Minister is aware of the survey done by the Welwyn Hatfield Live Music Forum on the actions of just one council—St. Albans district council—which, I am afraid to say to the three hon. Members to my left, is a Liberal Democrat-controlled council. The survey showed that, of 85 pubs in the St. Albans district,

"30 have restrictions on the number of musicians who can perform...45 have restrictions on the regularity or frequency of musical performances"

and

"4 have a restriction on the genres of music which can be performed...1 pub has to display a suitable and conspicuous notice advising the residents of forthcoming live music events".

and

"1 has a restriction on indoors Morris Dancing",

which is specifically excluded from the Act as a result of an amendment agreed to during its passage, so that is an illegal requirement.

I will not mention the full list, but I will just give one example. Clarence park in Clarence road, St. Albans, is subject to a licence with conditions running to more than 2,000 words. The associated event risk-assessment form runs to another three pages. St. Albans district council states, in its licensing policy:

"The policy does not provide for any standard conditions to be imposed to avoid the imposition of disproportionate and burdensome requirements."

There is concern that local authorities are going way beyond what is required under the Act. I fear that St. Albans is not unique in that. That, too, was a matter of concern to the Committee.

To redress the balance slightly, I thank the Liberal Democrat peer, Lord Clement-Jones, who has introduced a Bill in the House of Lords that seeks to implement the Committee's recommendations in this area. I hope it is successful.

Mr. Don Foster: Miss Begg, I have already apologised to you, the Minister and the excellent Chairman of the Select Committee because I am unable to stay for more than a couple more minutes.

Since Lord Clement-Jones's Bill has been mentioned, and given the Minister's rather belated announcement that the Government will consult on the possibility of exempting venues of up to 100 from a requirement for a live music licence, will the hon. Gentleman acknowledge that the Select Committee believes that that figure should be up to 200, as mentioned in that Bill? The Minister will not mind my saying—I discussed this with him—that in an earlier conversation with him today I said that

100 did not go far enough and asked what would happen if the consultation, which I agree is not needed, suggested that 200 was a better figure. I then asked what the Government would do. The Minister was gracious enough to say that in such circumstances they would seriously consider 200. That is good news, and we should welcome it.

Mr. Whittingdale: If that is the case, I welcome it, and I hope that the Minister will confirm it in his response. The Select Committee recommended that the appropriate figure was 200, which is what the Musicians Union suggested. The Minister would win many friends if he announced this afternoon that, having listened to us, he will change the figure to 200. [HON. MEMBERS: "Go on."] We will give him a while.

I want to refer particularly to the problem affecting portable entertainment, especially circuses. I pay tribute to my hon. Friend the Member for Mid-Worcestershire (Peter Luff), who is unable to be present but asked me to give his apologies. He has done immense work in support of circuses. Their problem is that it is extremely unclear whether they need to be licensed. Local authorities have different views—some say that they do not need licences, but others require 14 days' notice and the full licensing process before a circus can perform. Because they move around the country, that causes uncertainty because they are unsure of where they can go without a licence. Equally, if something happens that requires them to move, it renders that almost impossible. Two examples were given to me.

Zippos circus, which I visited in Colchester, had been due to spend four or five days in Windsor when Princess Diana was killed. It rightly thought that that would be inappropriate because people did not want to be seen at a circus in that vicinity, with which she was closely identified, and it wanted to move. Another such occasion was when there was flooding in Sheffield. The circus had to move a long way to somewhere where a licence would not be necessary, because there was no time to apply for one and to undergo the 14-day period required by the legislation. Instead of being able to move to a different part of Sheffield, it had to come to Barnes in London, which was a great deal more expensive.

It was suggested to the Committee that the obvious solution, if the Minister still believes that circuses should be licensed—it is not clear to me why they should be, when fairgrounds, for example, do not have to be, and no problems have been related to circuses—is to have a single licence at the place of origin, rather as a cruise ship obtains a licence from its home port. I know that the Government have considered that, and I hope the Minister will say a little about it.

For one or two other community-type performances—for example, Punch and Judy men, and mummers—the licensing requirement is unnecessary, unjustifiable and should be removed. I hope the Minister will also reconsider that.

Another aspect of the performance of live music has caused concern in the capital. The Minister will be aware that the Metropolitan police require form 696 to be submitted 14 days prior to a performance. The police say that that is a voluntary measure, but many councils make it a condition of a licence, so that it is no longer voluntary. I understand the police's concern about gang-related violence, but it is difficult to find any evidence to suggest that music in itself leads to violence. There is a worrying level of violence, particularly among the young ethnic minority communities in London, and obviously we want to support the police, but there is little evidence of an apparent linkage with music, and the requirement is doing real damage in two ways. It has led to some proposed performances being cancelled because the police have refused to allow them to go ahead.

I am not talking just about small clubs where there may be concern about security or the clientele. The problem is affecting major venues, such as the O_2, which is perhaps the most successful music venue in the world at the moment. It has pointed that that it has had real problems as a result of form 696. It says that the administrative cost is £27,000 a year. If that was clearly justifiable, perhaps the O_2 could afford to pay it, but it says that because of the 14-day time frame it has had to turn away short-lead events and has been unable to fill empty dates because of the required notice period. It has had to turn away three events as a result. It also said that the requirement to submit a guest list is completely impracticable, because it may change up to 24 hours before an event takes place, and will often say "plus one".

Most worrying are the occasions on which the police have required events to be cancelled. One was a Project Urban event—a black urban music gig involving major artists, including Tinchy Stryder, who is very successful.

Mr. Vaizey: Who?

Mr. Whittingdale: My hon. Friend is a great expert in contemporary music, and is as familiar with Tinchy Stryder as I am. Master Stepz was also involved. Those are major performers, but on that occasion the police expressed concern that the combination of those artists and the fact that the promoters were young contributed to the possibility of the event attracting public disorder, so it had to be cancelled.

The second event was the Black Comedy awards, which was not even a music gig. One day before the event, the police said that they had received intelligence that gang members would attend and some of their names were spotted on the guest list. The O_2 did not want to risk the police closing the event in the middle, so it decided to postpone it, and the promoter lost £12,000 as a result.

Another event involved Rick Ross, a black rap artist from New York. Form 696 was submitted within the time frame, and the police said that it was a low-risk event, but when the guest list was submitted the day before, it raised concern with the police to the extent that they requested that it cancelled. The O_2 resisted, and pointed out that it was the fourth event in six months that had followed a similar trend—that attracting a black crowd raised concerns with the police. The O_2 pointed out that it operated a high level of security with random searches on entry, had its own policing and was confident that the event would be secure. Only after intervention by the council leader and the Metropolitan police borough commander was it allowed to take place. It passed off with no problem at all. However, the O_2 points out that such things are a having a significant effect on it. If they are affecting the O_2 to that extent, they will plainly be affecting many other venues.

The Minister should be concerned about this. I quite accept that the Metropolitan police are not operating these provisions on the grounds of racism, but there is

[Mr. Whittingdale]

no doubt that that they are looking at specific types of music. Originally, as he will know, the form required the identification of the type of music to be performed. That requirement has since been removed, but it is still widely believed that the form is being used to target black music events, and that is causing deep resentment among certain communities. The Minister will be aware of the importance at the present time of not alienating certain minority communities, and the form is a cause of resentment. I therefore hope that he will talk to the police and look seriously at whether it really is necessary to have the form at all. The Select Committee's view was that the form was unnecessary and unjustified and that it should be abolished.

I want to touch briefly on one other issue that the Committee examined as part of its consideration of the Act. The licensing of lap-dancing clubs has been subject to legislation, and a new category has been created, so lap-dancing clubs can be treated as sex-encounter venues. The Committee's view was that it was not right that local residents living next door to a normal nightclub or bar should wake up one morning to discover that it had turned into a lap-dancing club and that they could do nothing about it. We felt that there was a case for a separate category that would allow local residents to express a view as to whether a location was appropriate for a lap-dancing club. Equally, a number of the people who gave evidence to us wanted to ban lap-dancing clubs completely, but we were of the view that such clubs are a legitimate and legal form of entertainment, which some people enjoy.

We were concerned about one or two aspects of the new provisions, particularly where owners have invested large sums to establish clubs in locations where there has been no record of disorder. Indeed, the Lap Dancing Association made the point that lap-dancing clubs are probably some of the best policed and secure venues and have less of a record of public disorder than almost any other type of entertainment venue. Nevertheless, they are required, for instance, to renew their licences annually, which makes it difficult for them to have security about their long-term investments. We could not see that annual renewal was necessary, and if there is a problem, there is always the provision allowing local residents, the police and others to make representations about the licence. The automatic annual renewal requirement is, therefore, not necessary.

We also had concerns about the transition to the new regime. We believed that existing clubs should have quite a lengthy period—perhaps five years—before they have to meet the full licensing requirement. Those remain concerns, and I hope that the Minister will briefly touch on them.

As I said, our overall impression was that the Act had achieved a large part of what it was intended to achieve. However, there were real concerns about specific provisions, and the Committee was disappointed that the Government did not seem willing to address them. I hope that the Minister will correct that this afternoon.

3.13 pm

Philip Davies (Shipley) (Con): Let me start, Miss Begg, by apologising to you, the Minister and my Select Committee Chairman, my hon. Friend the Member for Maldon and East Chelmsford (Mr. Whittingdale), because I will not be able to stay until the end of the debate. I do, however, want to make a couple of points.

Once again, I congratulate my hon. Friend, who really is an excellent Chairman of the Select Committee. On most issues, there is a diverse range of views on the Committee, and my hon. Friend is one of the very few people who can bring them together to produce reports on which we all agree. He does not always manage that, but most of the time he manages it very skilfully.

My hon. Friend has gone through the issues that the Committee raised on a range of measures far more effectively than I ever could, so I do not intend to repeat everything that he said, but I do I want to touch on two issues. First, I want to elaborate on an issue on which my hon. Friend merely touched. Secondly, I want to reiterate a point that he made.

My first point relates to drinks promotions, which were covered in the Committee's recommendations. I feel particularly strongly about the issue. I never cease to be amazed at the number of times the Government accurately identify a problem, only for the solution to be a complete shambles, which does not actually address the problem. We have to recognise that we have a problem with excessive drinking in some of our town centres and that that causes an awful lot of misery for the people who are subjected to it. It also causes an awful lot of problems for the police, who spend a lot of time policing drink-related incidents when they might be better employed doing other things.

We have a big problem with excessive drinking, and I am not going to stand here and say that we do not. Indeed, I have spent time at my local police force's custody desk, and I never cease to be amazed by the number of people whose crimes are fuelled by alcohol. There clearly is a problem, but what I want to take issue with is the solution. In Parliament, we tend to thrash around, looking as if we are doing something, because we know that there is a problem and we want to be seen to be doing something. My fear is that the things that we try to do often do not address the problem, but instead make decent, law-abiding citizens suffer even more.

That is why I want to touch on the issue of drinks promotions. A head of steam seems to be building up behind the idea that the solution to all our drink-related violence is to ban happy hours in pubs or to ban supermarkets from selling alcohol as cheaply as they do. To be perfectly honest, those things will not make a blind bit of difference to alcohol-related violence on our streets. Whether we like it or not, we have to recognise that some people go out on a Friday or Saturday night with the intention of getting drunk. Ending a promotion here or adding a few pence to the price of a litre of wine in a supermarket there will not change that mindset—this is a much deeper problem than such simplistic solutions suggest.

I want to share something from my own experience. Before entering Parliament, I worked for Asda—I should probably say that so that people understand that I have a natural affinity with supermarkets. After work on a Friday, my colleagues and I tended to go to a local pub in Leeds that had a happy hour when it sold two drinks for the price of one—that is probably why we went there. An awful lot of people from Asda used to go along—we always had an eye for a good deal.

The implication of banning all these happy hours is that everybody who goes along to them will come out completely hammered. However, I am not aware that any of us from Asda who used to dutifully troop along to the local pub at the end of the day came out completely hammered. We used to drink responsibly and we were just getting a good deal.

We all know that many pubs are struggling to survive and that 50 pubs a week are closing. If a happy hour was a way for that pub to attract a bit of extra custom on to its premises, I do not see what harm was being done. People were not going there to get hammered, but to get a good deal. It would be a terrible mistake to think that by banning pubs from having happy hours or similar promotions we would be waving a magic wand and that we would suddenly have no alcohol-related violence on our streets.

The same applies to buying alcohol in supermarkets. I do not see why the vast majority of my constituents—decent, law-abiding citizens who drink and behave responsibly, and many of whom are struggling to survive and pay the bills, particularly in the recession—should be forced by people in Parliament to pay extra for their bottle of wine or their pack of four cans of beer at the supermarket simply because a few hooligans cannot hold their drink and are out to cause trouble. Why should the law-abiding majority suffer again and have to pay more for their weekly shop? It seems completely ludicrous.

Mr. Vaizey: It is our policy.

Philip Davies: It may well be our policy; that does not stop it being ludicrous. This may not be the only context in which I feel that, to be honest, but we shall steer clear of the others for now, despite the encouragement of my hon. Friend on the Front Bench. It is the old idea of politicians wanting to look as if they are doing something—and doing something that does not help with the problem, but further punishes decent, law-abiding citizens.

Mr. Sutcliffe: Are there no circumstances in which the hon. Gentleman thinks there are irresponsible promotions? I am thinking of those aimed particularly at women and young girls. Does he think that there are opportunities for action when specific groups are targeted?

Philip Davies: No, I do not agree about that, and I hope that the Minister will support me in trying to help him to buy alcohol at his local supermarket in Bingley a bit more cheaply. I am doing my best to represent my constituents.

The reason I do not agree is that the responsibility for people getting drunk and violent, and causing trouble, lies with the individuals who get drunk and violent and cause trouble. We go down a slippery slope if we start to pass responsibility for people who cause trouble away from those people and on to someone else—to an industry. Surely it cannot be the fault of a supermarket that people become obese, just because it sells cream cakes. It is a ludicrous premise that supermarkets are responsible for any individual's obesity. We desperately need in this country to get back to individual responsibility for one's own actions. The cheap sale of alcohol does not mean that any individual must go out and get drunk.

Richard Younger-Ross: Following the hon. Gentleman's logic, is he saying that it is not the responsibility of drug dealers that people take drugs?

Philip Davies: No, it is not the responsibility of drug dealers that people take drugs. It is the responsibility of the people who take them. However, that is not to say that I am a supporter of drug dealers. Obviously, for people to take drugs they need a drug dealer; but I should be surprised if a Liberal, or someone who calls himself a Liberal, did not accept the idea of individual freedom and, therefore, individual responsibility. Blaming someone's actions on someone else is a senseless route to go down. They should be blamed on the person responsible, so let us target the offender.

If we have a problem with alcohol-related violence, perhaps we should spend more time making sure that the people who commit it are arrested and locked up. If the punishment were harsher and those people had, for example, to spend a harsher time in prison, they might feel less inclined to come out and get drunk and go down the same path. Surely that would be a better way to tackle alcohol-related violence than penalising a supermarket that sells a bottle of wine for 10p less than someone else thinks it should. It is a futile exercise.

I have been told of supposedly irresponsible promotions in which people can buy a ticket to something and drink as much as they like, for nothing—as part of the price. I do not know what happens at local Labour party functions, as the Minister has not yet invited me to one, although I look forward to such an invitation; nor do I know what happens at Lib Dem political events, but it is not uncommon—I do not know whether my hon. Friends have had this experience—for the price of a ticket to Conservative party events to include what people drink. The drink is free and the ticket price covers its cost. I have yet to see people leaving any of those functions legless. *[Interruption.]* I see from the reaction of my hon. Friend the Member for Maldon and East Chelmsford that he has; I do not know whether he means himself or someone else. I certainly have not seen people leaving legless because they have drunk as much as they could, just because they could.

Just because people can drink as much as they can does not mean they will. People tend to take responsibility for their lives and actions. It is not the promotion in itself that causes a problem. It is the individual's reaction to the promotion that does it. If some people are determined to get drunk, whether there is a promotion or not, the likelihood is that they will do so. I hope that the Minister will explain that the Government have no intention of banning any drink promotions or pursuing the ridiculous idea of forcing supermarkets to charge their customers more for alcohol. I hope that my hon. Friend the Member for Wantage (Mr. Vaizey) will give that commitment too, for what I hope will be a Conservative Government after the general election. The banning approach would be terribly misguided, and would punish decent law-abiding citizens, and it would make no difference to alcohol-related violence.

I wholeheartedly endorse the comments of my hon. Friend the Member for Maldon and East Chelmsford about lap-dancing clubs, and I want to reiterate them. The issue is not whether the clubs are a good or bad thing; people can have their own view on that, and they may have moral objections. I tend to be a libertarian

[Philip Davies]

and if people want to work in those places and to go to them that is a matter for them—I do not want to stand in their way. The issue is one of natural justice. My hon. Friend made the powerful point that people who have invested considerable amounts of money, in good faith, in opening such establishments under the Licensing Act 2003, which the Government passed, may face the prospect of having them closed down under new licensing regulations imposed by the same Government, which they could surely never have envisaged when they made their investment.

The Government are right to want to give residents more of a say about where such places should be, and about whether locations are acceptable. However, I hope that they will provide some protection—some grandfather rights—for businesses that were opened in good faith. It would be unacceptable and unfair for those businesses to be closed down within a year. The least that the Government can do is allow a decent transitional period to protect the rights of establishments that have been opened in good faith under the current licensing arrangements. As my hon. Friend said, the Committee recommended that that should be a period of five years. I should like to think that five years would be a minimum; a much longer time would be fairer. I hope that we shall not get bogged down in an argument about whether lap-dancing clubs are a good or bad thing. That is neither here nor there—the point is simply one of natural justice.

When the Government legislated on the matter recently, I raised this subject and was told that the intention was not to close down lap-dancing clubs that had just opened, and that there were discussions with the Lap Dancing Association and other parties to work around some of the issues. I hope that the Minister will be able to tell us that some sensible progress is being made, so that people are not treated unfairly, and businesses are not put out of business, on a basis that they could not have predicted.

I endorse the recommendations that the Select Committee made on other issues, including live music, a topic on which my hon. Friend the Member for Maldon and East Chelmsford concentrated. I hope that the Minister will be sympathetic to those other recommendations.

3.29 pm

Lembit Öpik (Montgomeryshire) (LD): I am grateful to you, Miss Begg, and to others for allowing me to speak in the debate. I apologise once again to the Minister and others, because I have to address a meeting at Birmingham university this evening. I realise, though, that under the current regime, were I to play a musical instrument in that venue I could be arrested, so I declare an interest in advance of my arrival in Birmingham. For me, the issue is about keeping music live.

I am a great lover of music and, as some hon. and right hon. Members know, I play the harmonica. Using nothing but my musical talents and my blues harp, I have emptied pubs up and down mid-Wales, but I am happy to say that others are rather more adept at playing musical instruments than me.

My big concern is the limitation on small venues being able to give a starting opportunity for performance artists up and down the land. Outstanding performers, such as Kate Rusby, Roy Harper, Cara Dillon and the late John Martyn, all made their life and reputation in those small venues. Robert Plant of Led Zeppelin fame is known to get the guitar out occasionally and play bars in my locality.

That is what performance art is all about. It is not about paperwork, it is not about red tape, it is about giving people the opportunity to express themselves in artistic form. In that sense, to be restricted by bureaucracy is the absolute antithesis of what such artists seek to do. The bureaucracy may be well intentioned, but the purpose it serves is nothing but damaging in making it more difficult for venues to operate, often on an ad hoc basis. Indeed, the likes of Andy Kershaw and the late John Peel discovered many artists ad hoc, by coming across individuals and bands with superb capability in a musical situation just because they saw a sign outside a pub saying, "Live music tonight". In my area there are bands such as Smoke like a Fish and Up All Night—with Brian perhaps one of the most talented singers of his generation—who do not intend to get famous for their performing but do enjoy entertaining local people. That, to me, is what it is all about.

The Government have not always looked too supportive of live music. To quote the words of the band Roots,

"And a minister said his vision of hell
Is three folk singers in a pub near Wells."

I know for a fact that the Minister enjoys performance arts and loves live music, so I am optimistic that the new regime will use common sense and heed the concerns that have been raised.

For those reasons, I ask the Minister to take on board the cross-party consensus that he has heard so far in defence of live music and in support of the small venues that are the bottom rungs of the ladder, often not to fame but to a lifetime of performance in a local community. I recently saw a band called Toy Hearts, which is one of the best blue grass bands that I have ever seen in Britain. The band is growing, but it still plays the small venues because the band members love to entertain and to perform.

Mr. Sutcliffe *indicated assent.*

Lembit Öpik: I see the Minister nodding, and I am encouraged that at least in sentiment he probably supports the spirit of the debate so far, but I am also going to ask him for action on support, so that places like The Grapes, a pub in Newtown where we have an informal music night, or The Red Lion in the small town of Castle Caereinion are not technically breaking the law if they happen to have a collection of musicians who come together to entertain themselves and other customers in the pub.

All the Minister has to do is to take on board the points made by the Chairman of the Committee, the hon. Member for Maldon and East Chelmsford (Mr. Whittingdale), especially in terms of the size of venue that would be allowed to operate musical and other performances without licence restrictions such as we have now. I can see no downside to the Minister taking that request on board. As the Chairman of the Committee rightly pointed out, everyone in the industry who is asked says that there is now less opportunity to

perform, as a direct result of the regulations. Although we cannot quantify that in detail, the mood music—if I may use that phrase—is clear that a negative has come about, which the Government promised would not occur. To put that negative right, all they have to do is to take the common sense position being proposed, which will do nothing other than enhance the Government's reputation with performing artists. By doing so, the Minister will not only enable thousands of small locations to be reinvigorated by the enjoyment of live performance, but he will get rid of expensive red tape that serves no useful purpose.

My plea to the excellent Minister is to heed the arguments that he has heard here—to free the spirit of the British performing arts and to keep music live.

3.35 pm

Mr. John Grogan (Selby) (Lab): It is a great pleasure to make a small contribution to the debate, which was initiated by the report of the Select Committee on Culture, Media and Sport. One of my unfulfilled ambitions is to be a member of the Culture, Media and Sport Committee, but the Whips have always considered my talents would be better served being a member of the Northern Ireland Affairs Committee. I respect their judgment, but at least I can contribute to this debate.

One of the few occasions on which I have been asked on to "Newsnight" to defend Government policy was in 2005, when the Licensing Act 2003 was about to be implemented. The interviewer was Kirsty Wark. I was having rather the worst of the interview, it has to be said, and the clock was ticking towards 18 minutes past 11, when the programme ends. I thought that I would have one last try at making the case for the Licensing Act reforms. Obviously that was before the relaxation of licensing laws, and all pubs closed at 11 o'clock, so I looked at her and said, "Would it be the end of the world if, after the show finished, the pubs were still open and I was able to invite you out to have one drink at one of the local pubs?" She looked at me, and by the look on her face it would have been the end of the world, so my final argument failed.

However—the report is generous in this regard—the fundamental tenets of the Licensing Act will last the test of time. No political party will go into the next general election arguing that all pubs should close at a fixed time, at 10.30 or 11 o'clock, despite the comments of the hon. Member for Cities of London and Westminster (Mr. Field), who has now left the Chamber, although I understand the particular problems in his constituency. However, his wish to go back to the local magistrates process is not prevalent in the country as a whole. Ordinary local residents and citizens have found it easier to make points to local councils than they ever did to magistrates, in a fairly remote legal process that was intimidating to some people. It is absolutely right that local authorities are at the centre of the licensing process. I do not think that will change.

The hon. Member for Shipley (Philip Davies), in an interesting speech, asked what would work to deal with the problems of alcohol-related violence. Indeed, the Prime Minister, at the Labour party conference in Brighton, said that no one had yet cracked the whole problem of the youth drinking culture. That is certainly true, but a great deal of progress has been made.

We should recognise two things. One is—I recognise some of what the hon. Member for Shipley said—that there is a danger of grand gestures in such an area of policy. It is tempting for all political parties to come up with such grand gestures. For example, I wonder whether as my right hon. Friend the Member for Salford (Hazel Blears) spends more time with her constituents and looks back on her legacy as a Minister, she will see alcohol disorder zones as one of the things of which she was most proud. That measure was rushed through the House, because it was part of a moral panic, yet I do not think that there is one alcohol disorder zone in the whole country. No local authority has said that it wants the powers of an alcohol disorder zone. Which local authority would want to label itself as an alcohol disorder zone? To do such a thing would, basically, be saying, "Come here for a fight." Probably, now that she has a little more time, my right hon. Friend might reflect that the policy was over-prescriptive and a waste of parliamentary time.

We should look at what does work, which is very much identified in the Select Committee report, in recommendation 15:

"The development of partnership working is an extremely important part of ensuring that the licensing objectives contained in the Licensing Act are achieved. We welcome the efforts made by all involved to develop and maintain successful partnerships and recommend that the Government should continue to promote partnership working as the most effective method to deal with licensing related issues."

That is not rocket science, but it works in cities up and down the land.

My hon. Friend the Minister and I, at the Labour party conference in Brighton, took a little time out, fairly late in the evening, to go with the Conservative chair of the licensing committee, Geoffrey Theobald, who has made a great contribution in the area, to look at a couple of venues in Brighton. In a well managed night-time economy, crime can be massively reduced.

In my market town of Selby, simply the introduction of night marshals to assist the police has reduced alcohol-related violence by 50 per cent. That is the case in many towns and cities up and down the country, including on Broad street in Birmingham, and in Nottingham, where there was a big problem. The British Beer and Pub Association in the region is working with the local police and the council, and they have begun to make a difference, so I stress the importance of local action.

Mr. Sutcliffe: On that point, the visit to Brighton was to see a beacon council, because it showed best practice. Does my hon. Friend agree that one of the problems is the inconsistent approach taken by police authorities and local councils when applying the principles of the Licensing Act?

Mr. Grogan: Yes. Obviously, however, not everyone is up to the standards of the best. It is interesting to think how one might try to change that. We are starting to see a will for it among some in the pub and beer industry. Why not have the same map on the association's wall as that on the Home Office's wall, showing areas that still have problems, and trying to target resources and spread best practice in those areas? It can be done; things can be turned around.

[Mr. Grogan]

It is interesting to see how localism could be carried forward. In response to the Government's proposal in the Policing and Crime Bill for a mandatory code of practice both nationally and locally, the Conservative-controlled Local Government Association has said that local authorities are already empowered to lead local action against alcohol disorder. I believe that it is Opposition policy—I hope that it will become Government policy—that local authorities should be empowered to initiate action against problem pubs. I understand that at the moment they have to wait for a complaint to be made; local authorities would like to be a little more proactive when they have such difficulties. It would be a more constructive way of dealing with the problem, rather than introducing code upon code. It will be interesting to see how that debate goes in the other place when the Bill returns to us.

I shall make a couple of other observations. I hear what the hon. Member for Shipley says about the importance of personal responsibility, personal freedom and so on, but I believe that there should also be social responsibility, and that applies to private industry as well. Many in the pub trade are as aghast at the £5 drink-all-you-can promotion as are many parliamentarians.

I shall speak a little more supportively of the Opposition Front Bench than did the hon. Member for Shipley. The hon. Member for Maldon and East Chelmsford (Mr. Whittingdale) made some interesting suggestions, saying for instance that alcohol should not be sold below cost in supermarkets. It is a question of how it is done, and I would be interested if the idea were to be fleshed out. It is a worthwhile proposal, as is changing the balance of taxation on stronger drinks such as strong cider, doubtless keeping the same tax take but changing the balance. Those proposals are worthy of consideration, and I hope that they will be considered by other parties.

The debate about minimum pricing is not likely to go away, particularly as in Scotland the matter will be progressed over the next year. I believe that there is an absolute determination among the Scottish Executive to bring in minimum pricing. I know that is Liberal Democrat policy, and it is one with which I have some sympathy.

I said that my contribution would be brief. It is not often said in such debates that the pub trade and the night-time economy make an enormous contribution to our economy. They are not merely a source of problems; they are a source of employment and enjoyment and, for many towns and cities, they are a way of advertising themselves and bringing in investment. For example, it is important that all those who come to the London Olympics in 2012 should be able to enjoy the London night-time economy. It would clearly be ridiculous if the whole of London were to shut down at 11 o'clock. That was one of the motivators for the Licensing Act.

Even though political parties will from time to time suggest detailed changes to the Licensing Act, I hope that it will be recognised, as the Committee did, that the Act is a sound piece of legislation. It has enabled citizens and residents to have more of a say on licensing than before. It has also enabled cost savings to be made in the night-time economy and has allowed the development of a wider range of bars, pubs and restaurants than were available in the past. Then, the only way of staying out after 11 o'clock was to pay a large amount of money to get into a loud nightclub, which one may not have wanted to do.

3.45 pm

Richard Younger-Ross (Teignbridge) (LD): It has been a good debate. The Select Committee's report is excellent, and the presentation given by the hon. Member for Maldon and East Chelmsford (Mr. Whittingdale) was well thought out. I hope that the Minister will answer the points raised today both in his summation and later, once the debate is over.

I should point out to the hon. Member for Shipley (Philip Davies)—he apologised for having to leave early—that there is a difference between a Liberal and a libertarian. He described himself as a libertarian, but Liberals are not necessarily libertarians. As we heard earlier, Liberals believe in social responsibility and the role of the community. I am not sure whether libertarians always do exactly that.

We have plenty of time, but I shall try not to overextend my contribution. I wish to touch on four matters, the first of which concerns recommendation 2, which deals with sports clubs. I shall not repeat all the strong arguments put earlier. I used to work in architecture, and I worked for a time at a firm that did a lot of work for Wetherspoons. Being responsible for designing its pubs, I would occasionally be brought before the magistrates to explain the licensed areas shown on the plans. The areas were clearly defined by a red line. However, that was not necessarily the area of the premises, because some external areas were not part of the licensed area. That was clearly understood—but not, it has to be said, by all magistrates. However, there was no difficulty in having two zones.

It is practical and easy for sports clubs to have two zones—a red line to define the pub and bar area for which a licence fee should be paid, and a blue line to define the wider area. So doing would reduce the cost to those sports clubs, perhaps helping them to do more of their health-giving activities than the slightly more damaging ones that tend to happen after exercising on the rugby pitch or the cricket field—or, in my case, rowing on the River Thames.

Much has been said about live music. Indeed, many Members enjoyed a little light music yesterday, organised by the all-party group on folk arts. I believe the Minister was there.

Mr. Sutcliffe *indicated assent.*

Richard Younger-Ross: The Minister nods, so it cannot have been his double. We were in the Members' Dining Room to listen to Ralph McTell. He played three songs, including the wonderful "Streets of London". That was the latest event, but the previous event that I attended, involving Muse, was slightly bigger.

Although some Members may not have heard of Muse, they are rated the most popular and best live band in the world. They started their tour on the seafront at Teignmouth, their home town, which is where they met and used to play as kids. That concert gave the local authority a difficult problem; it had to license it yet limit the noise, as it was held in a confined area that had residential properties overlooking one side of the Den. If anyone wants to see the beauty of

that occasion, the BBC filmed the concert from a helicopter. Looking at Teignmouth at night, lit up as it was, with the band playing—even I thought it would be a great place for a holiday. I went there this year, and I might go again next year.

Big events such as that mentioned earlier can be worked on, and that provides an answer to the questions raised by hon. Members about the need for local authorities and magistrates. The local authority was able to negotiate in a way that I suspect would not happen in a magistrates court. That is merit in having the local authority engaged in the process.

Although it is accepted that there is an overall increase in the number of venues, the numbers of small venues and small gigs are in decline. The Liberal Democrats are committed to supporting the Select Committee recommendations that the capacity limit that the Government are to consult on should increase to 200, and that we should reinstate the two-in-a-bar rule. That would help in those areas where there is difficulty and decline, and bring clarity where people are afraid of red tape and bureaucracy.

We have already had six years of legislation, eight consultations, two Government research projects, two national review processes and, as mentioned, a Select Committee report. Do we need more consultation on something that has already been well looked into? Why do we have to wait 12 weeks? Will the legislation be changed before the inevitable general election some time next year, whether that is in March, April or May?

We still have form 696. However, as far as I can see, the new proposals will not help hospitals, schools or other buildings capable of holding more than 100 people, which might want to have a small event. We are calling for exemptions for venues with a capacity of up to 200 people, and for schools, hospitals and so on. I do not believe that the new consultation will clear up some of the confusion over minor variations. Recently, the Government have said that there is no connection between the size of audience or the number of performers, and the potential for noise and disorder. There seems to be a contradiction or change in Government policy on that.

The Minister referred to the concerns of local government, and I will address that point in a moment. The Live Music Bill, which has been mentioned by Lord Clement-Jones, creates an exemption for live music in licensed venues that have a capacity of up to 200 people. That exemption is conditional, and a review of a venue that provides live music can be triggered by residential complaints—that ought to answer the concerns of local government and councillors. Should those complaints be upheld, local authorities could then place restrictions on live music in the venue.

Mr. Sutcliffe: I am grateful to the hon. Gentleman for raising the concerns felt by local government and the Local Authorities Co-ordinators of Regulatory Services—LACORS. He has an opportunity to help us because Councillor Chris White, who is a lead member of the Local Government Association on these issues, is a Liberal Democrat. His authority, St. Albans, and its attitude to some of these issues, has been mentioned today. We can get this provision through if we have all-party support. I will be looking for the support of the hon. Gentleman to ensure that people such as Councillor White follow what he suggests.

Richard Younger-Ross: We have listened to our council colleagues very carefully and we have discussed this issue. My hon. Friend the Member for Bath (Mr. Foster) and I fully endorse the proposal, which is supported by the Liberal Democrat party. Perhaps the easiest route for the Government would be to look at the Bill that is already in preparation, give it their support and bring it through. That might be a quick and easy way to ensure that the legislation is brought in before we have the inevitable event next year.

The Bill would create an unconditional exemption for up to two performers to play unamplified, or minimally amplified, live music in a venue. Performances of live music that is incidental to why people are in a venue, such as a pianist playing in a restaurant, would no longer be caught by the licensing regime. Licences are required for schools, colleges and hospitals to perform concerts and music therapy treatments. The final element of the Bill creates a complete exemption for the live music in those institutions, providing that no alcohol is sold and that no more than 200 people are in attendance. I hope the Minister will look at that and confirm the point made earlier by my hon. Friend the Member for Bath. If the consultation on a capacity of 100 shows a desire for it to be increased to 200, I hope that the Government will support it.

Mr. Sutcliffe: I am grateful for the opportunity to do that now—I was asked to do it by the Chairman of the Select Committee. Clearly, if the consultation overwhelmingly shows that everybody is happier with the figure of 200, and that will get us through the legislative reform order, we will consider it. We are suggesting the figure of 100, but that is one of the reasons for the consultation.

Richard Younger-Ross: I thank the Minister for that positive response; we will have to wait and see what the consultation shows. I am sure that some of the people listening to the debate will want to ensure that their view that 200 would be the better figure is clearly put to the Minister.

I have one more point on licensing before I move on. Difficulties with the 14-day rule have been mentioned. Other events—not only circuses—have this difficulty if they suddenly find that they need to change venue. Will the Government look at an exceptional circumstances clause to allow local authorities to consider and supply a licence in less than 14 days, even if defining that would be difficult? I remember one organised event where the alcohol sales were arranged by a local establishment. Notices had to be sent to different people at the same time, but one notice went in a day late because there had been some confusion or a delay in the post. The result was a dry event, much to the embarrassment of the publican concerned. Having an exceptional circumstances rule would be wise.

That brings us to the issue of alcohol abuse. As far as I can see, although I agree on a lot of licensing issues with both the Government and the Conservative party, there is one fundamental disagreement—over the idea that rising prices and taxes on alcohol will resolve the issue of alcohol abuse. It will not. If we increase the tax by 10 per cent., for example, on the price of a pint in a pub, 30p will be added to the price and it will cost £3.30. If 10 per cent. is added to the price of a 50p can of lager

[Richard Younger-Ross]

in the supermarket, it will become 55p. I do not believe that a 10 per cent. increase—5p or 10p—on a can of lager in a supermarket will have any impact on those sales. Therefore, the Liberal Democrats would propose and support minimum pricing as the way to deter people from buying excess, cheap alcohol.

The hon. Member for Selby (Mr. Grogan) made the point that people who buy a bottle of wine during the week might find that the cost of their wine goes up slightly. However, in my view, the benefits far outweigh the disadvantages. One of the advantages of minimum pricing is that although it does not make the price even, it levels the differential between the supermarket price and the pub price. The advantage for the supermarkets is that they would make more profit on what they sell. This is not a tax; we are not going to take the money and give it to the Inland Revenue. There would be a minimum price that supermarkets could not go below.

Such a measure would almost certainly damage some producers who produce very cheap, high-alcohol drinks. In my view, that would not be a bad thing. If as a result of this provision, quality is driven up so that people buy something with a fuller flavour or a better quality drink, perhaps they will not want to knock back quite so many as quickly as they do. That is often why people buy very cheap alcohol. It is to get a cheap thrill. The problem with alcohol sales is that people go to the supermarkets and buy cheap spirits, cider or whatever. They tank themselves up at home, or perhaps sat on the seafront, and then go to the pubs, which get the blame for the alcohol sales from the supermarkets. We must consider that as a particular problem and issue.

Let us consider premises with 24-hour licences. In 2008, there were 7,100, and in 2009, 7,400, which is a 4 per cent. increase. There was a 17 per cent. increase in supermarkets wanting 24-hour licences, and a 19 per cent. increase among bars and nightclubs. Interestingly, the largest group that has 24-hour licences, and the group that one would have thought the legislation was designed for—hotels—has seen a 3 per cent. decrease. I am concerned about 24-hour licences in supermarkets. I am not too sure about the justification for them, or the need. Yes, it might be convenient for someone leaving the House of Commons at 11 pm who has forgotten to buy a bottle of wine. Perhaps a little bit more pre-planning and thought would not go amiss, rather than going for the lowest common denominator and taking the easiest option.

The Select Committee says that happy hours and two-for-one promotions are encouraging irresponsible drinking. Although it acknowledges that banning all such deals would be irresponsible, it says that the problem must be addressed. Minimum pricing would help to do that.

Alcohol-related antisocial behaviour is a serious, country-wide problem that has not become any better since such areas were introduced. Do the Government seriously expect us to believe that in all the metropolitan areas in England and Wales, there are only some 45 places where there is a problem? I do not believe that. From time to time, I see a drink problem in my own community, and I am sure most Members know of areas that experience drink problems and drink-related crime and violence on a Friday night.

The Public Health Observatory figures show that more than 860,000 people were admitted to hospital for alcohol-related harm last year. There were more than 80,000 alcohol-related fights, rapes, burglaries and car thefts in London alone. At the 2007 party conference, the Prime Minister said:

> "Let me tell the shops that repeatedly sell alcohol to those who are under age - we will take your licences away."

They might be good words, but that is not what is happening. I say to the Minister that under-age alcohol sales are a serious problem that must be tackled. Again, minimum pricing would help to deal with that.

I said that I would not be too long, so let me briefly tackle one other issue, which relates to the licence trade. The Office of Fair Trading report on tied houses has shown that there are no problems. Well, the OFT produces many reports. It produced one on supermarkets that said there were no problems. I think most Members recognise that that OFT report was deeply flawed, and that it is beginning to re-examine some of the issues. We should not view the issue of tied houses from an OFT perspective only; it is broader and more complex than that. I am not doing a broad sweep and saying that all tied houses are problematic, but I believe that a number of them are creating problems in the industry and contributing to the very high turnover of publicans in some areas.

4.4 pm

Mr. Edward Vaizey (Wantage) (Con): I am grateful for this opportunity to welcome the excellent Select Committee report that we have debated this afternoon, and will continue to debate for some time to come. I also congratulate the Chairman of the Select Committee, my hon. Friend the Member for Maldon and East Chelmsford (Mr. Whittingdale), on the debate. Every time I debate with him, I find out something new about his racy past. Today, we learned that he discovered The Police and its singer Sting in a pub somewhere in Essex.

Mr. Whittingdale: In London at the National.

Mr. Vaizey: Indeed. My hon. Friend is a man who discovered Sting, pogoed to The Undertones and got down with Lemmy from Motörhead. He is about as cool as they come. He puts to shame some of the Conservative MPs who will be joining us in 2010 and who regularly feature in articles bigging up the Conservatives as the new cool political party. Whether he likes it or not, he is clearly as Cameroonian and hip as they come, and perhaps is now an honorary member of the Notting Hill set. He is also a very effective Chairman of the Select Committee, which continues to make an extraordinary impact in areas of policy surrounding culture, media and sport.

We are now without my hon. Friend the Member for Shipley (Philip Davies), who is, perhaps, the antithesis of my hon. Friend the Member for Maldon and East Chelmsford. He is studiedly anti-cool—a sort of black hole of non-coolness and distinctly out of step with developing Conservative policy, which is perhaps why he is not here. Another hon. Member who is sadly absent is the hon. Member for Montgomeryshire (Lembit Öpik), and he really is cool. He takes a close interest in popular contemporary music, as we know from the gossip columns of the newspaper. I can reveal

exclusively—I learned this yesterday from ITV—that he is to appear in the new year in "Celebrity Come Dine With Me", so he continues to make an impact in that area.

I turn now to another hon. Member who has left the debate. Every single Member who has contributed to this debate, apart from the Chairman of this Select Committee, the Front-Bench spokesmen and the Minister, has left this debate. I cast no aspersions on the speech of the hon. Member for Teignbridge (Richard Younger-Ross) to which I will return in a minute. We heard from the hon. Member for Selby (Mr. Grogan), who is a fine contributor on all matters related to culture, media and sport. Sadly, he is to retire at the next election. Halfway through his speech, I thought that he could become a Conservative working peer after the election because of his support for our policy. However, considering that he has supported the policies of all three parties, he would perhaps be better off as a Liberal Democrat working peer. Finally, we heard an excellent contribution from the hon. Member for Teignbridge, who is a fine spokesman on culture, media and sport for the Liberal Democrats.

Opposition Members welcome this debate, and I shall begin by focusing on the importance of live music. Picking up the mantle left by the hon. Member for Montgomeryshire, who talked in great detail and with affection about his constituency, perhaps I could do the same about my own fine constituency of Wantage. In Faringdon, in the west of the constituency, we have the Faringdon arts festival, which I open every year. It holds a live performance in Faringdon's historic market square with a range of bands whose names I cannot remember. I know, however, that one of the guitarists is a producer on GMTV. The festival has been organised for several years by an excellent local resident, David Reynolds.

Moving over to Wantage and Grove, we have the Wantage silver band. It is important in this debate to emphasise that brass bands are not simply a province of the north, and we have our own excellent brass bands in the south, which are campaigning to raise funds for their own homes. If any Members want to see me afterwards and write me a cheque, that would be most welcome. The Didcot arts centre was recently opened by a Conservative council in south Oxfordshire and is fast becoming a very important venue for live music. There is also the unsurpassable Wallingford blues and beer festival, in the east of my constituency on the banks of the River Thames. There is also the very well known Truck music festival, held in Steventon on Europe's largest village green.

We are awash with talented and world-famous musicians: Sandy Shaw, Brian Eno, and Radiohead have their offices in Sutton Courtenay. My hon. Friend the Member for Maldon and East Chelmsford can come and meet them. We also have Whispering Bob Harris and Mark, the keyboard player from Marillion. To cover every base, I should not omit sport: I am the president of Didcot Town football club, so I am well aware of its sporting difficulties, and I am also aware that, as a Member of this House, one should never accept a vice-chairmanship or a vice-presidency; always go for the top.

To pick up on the points that were made about helping the police to deal with violence that is potentially alcohol-related, I was very pleased two weeks ago to attend the launch of the Wantage and Grove street pastors organisation. I would not want to give the impression that Wantage and Grove is awash with alcohol-related violence; it certainly is not. However, the street pastors are a community group of local Christians go on to the streets of Wantage and Grove on a Friday night, to help the local community deal with the after-effects of a good Friday night out. *[Interruption.]* I am delighted to welcome the hon. Member for Selby back to the Chamber and to let him know that if he reads *Hansard* he will see some glowing remarks that I made about him while he was absent, dealing with the pressing needs of his constituents.

The Licensing Act 2003, in both its tortuous passage into legislation and its tortuous life since, has been pretty much a complete Horlicks, which is why we have pledged—I think that my hon. Friend the Member for Shipley could support this pledge—to undertake a proper, thorough and strategic review of the Act if we win the election. I am mindful of the danger of saying that, and I am also mindful of the groans as people raise their eyes to the ceiling, given that this Government, who passed the Act after endless consultation, have managed to undertake eight reviews of that legislation in the six years since it was passed into law. Here we are at an historic moment, when the Minister, in just a few minutes, will announce the ninth review of this extraordinary Act.

The Government love reviews—they cannot get up in the morning without reviewing how they got out of bed—and they have actually built into the legislation ongoing reviews. Local authorities now have to review their own licensing policies every three years. If a Minister accidentally fails to call for a review, he can be sure that at least the local authorities are conducting reviews. Consequently, at any time there is sure to be a review of the Licensing Act going on somewhere in this country.

What we have had with the Licensing Act is a huge amount of bureaucratic meddling and typical Labour top-down prescription. The latest Government review, as UK Music has pointed out, is simply a fig leaf. Given the parliamentary timetable and the pressure on that timetable, it is very unlikely that it will be conducted in time for a legislative reform order before the next election; it is just another fobbing-off.

In fact, in support of that assessment, I shall quote someone with a great deal of credibility—none other than Feargal Sharkey, the close friend of my hon. Friend the Member for Maldon and East Chelmsford. I am tempted to try to deliver the quote in Mr. Sharkey's voice, because my constituency is also the home of Rory Bremner and he has taught me everything I know about how to imitate celebrities, but I will not risk it under your chairmanship, Miss Begg. Feargal Sharkey said:

> "After six years of legislation, eight consultations, two Government research projects, two national review processes and a Parliamentary Select Committee report"

He might have added, "And a partridge in a pear tree", but he did not—

> "all of which have highlighted the harmful impact these regulations are having on the British music industry, Government's only reaction is yet another review."

That is the view of someone whom the Government themselves have appointed as their live music champion. Even he is completely disillusioned with what has been going on.

[Mr. Vaizey]

As for the changes brought about by the Licensing Act to the availability of live music, before it was passed into law every bar could enjoy the two-in-a-bar rule, so that someone could go to any bar and enjoy music played by one or two musicians. However, 40 per cent. of our bars and clubs no longer have the automatic right to stage live music. Extraordinarily, even private concerts and charity events are covered by this onerous legislation. My hon. Friend the Member for Maldon and East Chelmsford was quite right to point out the astonishing fact that, à la Baroness Scotland, the regulations passed by the Government are now so complicated that even the Government who passed them do not understand them. The Department for Culture, Media and Sport held a live concert by a fantastic band, The Frontiers, on 17 July and it did not even realise that it had to get a licence. Now if that does not sum up the extraordinary position—

Mr. Sutcliffe: It did not need a licence.

Mr. Vaizey: And now the Minister says that it did not need a licence—the situation is becoming even more confusing. What I think he should do is simply hand himself over—

Mr. Sutcliffe: Will the hon. Gentleman give way?

Mr. Vaizey: If the Minister will just let me finish, I was going to say that he should simply hand himself over to the nearest policeman. I must say that if he had represented Ashford, he would have been arrested by now and threatened with life imprisonment.

Mr. Sutcliffe: I am very grateful to the hon. Gentleman for giving way. I want to make it clear that that event at DCMS was a private event and did not need a licence.

Mr. Vaizey: That is clear as mud then, is it not? In fact, if the Minister wants to cite the specific legislation that says that DCMS did not need a licence, I would be grateful if he could cite the specific section in the 2003 Act—

Mr. Sutcliffe: I shall write to the hon. Gentleman.

Mr. Vaizey: Oh, the Minister has to write to me, but he cannot cite the specific section now. That is how clear the legislation is.

There has been a 5 per cent. decrease in the number of venues available for live music. There is also a very serious point to be made about our community centres, by which I mean pubs. Pubs are, as it were, the new post offices, given the threat of closure that they face. In 2006, just two pubs a week were closing but now, in 2009, 52 pubs a week are closing. I know from my own constituency that pub owners struggle to think of events that they can put on, whether it is curry nights or pub quizzes, to attract people to the pub during the week and over the weekend. Live music would be one of those attractions and surely, given the threat to something that has been at the heart of our community for centuries, we could be a little more imaginative in lightening the regulatory burden.

As for pubs that have managed to secure entertainment licences, 50 per cent. of them now face onerous restrictions, and 80 per cent. of restaurants have not bothered to get a licence because of those restrictions. We therefore welcome the imminent announcement of the ninth review of the highly successful Licensing Act and we look forward to supporting the changes that we hope it will bring about by relaxing the regulation on small venues that want to have live music.

There is a very serious point to be made about lightening overall regulation. It is extraordinary that sport should have escaped some of these regulations—in fact, I am delighted that it has done so. It is very odd that one can watch a live football match in a pub, with hundreds of people cheering and shouting, as they quite rightly should as England progress towards the World cup, and the pub does not need a licence for that. However, if 50 people sit down and watch a couple of people playing guitars in a pub, the pub needs a licence. The word that I have been searching for, as people might have worked out by now, is "anomaly".

As the Olympics approach, it is obviously very important that we have the opportunity to provide outside venues for people to watch the Olympics, as they have done in the past with sporting events such as the European and World cups. However, as the Minister knows, I am a strong supporter of getting the cultural olympiad right. I want London and the whole country to have a fantastic party as well as enjoying excellent sport, and it is important to have a licensing regime that is flexible and easy to understand, so that we can take as much advantage as possible of the opportunity that the Olympics and the cultural olympiad will bring.

I have focused my remarks mainly on live music, but there are a host of other issues that this thoroughly comprehensive Select Committee report has covered in its recommendations. As I have said, we will undertake a thorough and strategic review of the Licensing Act if we win the next election, but let me just cover some of those issues very briefly, because I know that the Minister will want the full hour and 10 minutes left for this debate to make his points about the Act, by which time he may have found the section of the Act that exempts him from prosecution.

We support a national database for licensees. A personal licence-holder can have their license removed, but there is a difficulty because, when a premises licence is revoked, if the licence-holder has not had their own personal licence removed, they can simply move elsewhere and set up shop. We think that a national database would provide consistency and allow serial offenders to be tracked around the country. Personally, I am sympathetic to the controversy that form 696 has generated. My hon. Friend the Member for Maldon and East Chelmsford described some clear and worrying examples of how the form has been—I cannot think of any other word for it—abused. The police must be extremely careful how they use it. I gather that the form has been amended, and that it must be reviewed in conjunction with the Home Office. I hope that our shadow home affairs team will look at that.

I am also extremely sympathetic to the points made in the report about relief for sporting establishments. As I said, I am the president of Didcot Town football club, and I concur with the remarks made by the Chairman of the Select Committee: most sporting clubs

rely on their bar for much-needed income. Temporary event notices are a legitimate matter for debate. The Select Committee made the fair point that stakeholders give conflicting evidence or arguments on whether to increase or decrease the number of TENs allowed, but personally, I think that a modest increase would be relatively uncontroversial.

Much was made of the Licensing Act's effect on the night-time economy. The hon. Member for Teignbridge concentrated on it in his excellent speech and, as I said, the hon. Member for Selby rowed in strongly behind both Conservative and Liberal Democrat policies on the issue, which is welcome. There are myriad issues that could be considered regarding the perceived increase in alcohol-related violence at night and the concentration of bars and drinking culture in this country, but it seems to me that supermarket pricing of alcohol is a significant factor. It is pretty well known that a lot of teenagers buy cheap alcohol and do what is known as pre-loading, or drinking cheaply before going to more expensive bars and clubs. I believe that it is our policy to raise the duty on alcopops to reduce commensurately the duty on beer. As we know, the high duty on beer is another cost that must be borne by pubs struggling for existence.

It is important to emphasise that we have a strong localist agenda. We support local councils having the opportunity to put together flexible licensing regimes suitable for their area. The hon. Members who have contributed to this debate are right that nobody wants to put licensing back in the hands of magistrates. Everybody recognises that, now that local authorities control licensing, we have an opportunity for local policies suitable for local residents and economies. It is vital that local authorities have the power and flexibility to introduce imaginative policies suitable for the people whom they represent.

4.23 pm

The Parliamentary Under-Secretary of State for Culture, Media and Sport (Mr. Gerry Sutcliffe): It is a great pleasure to serve under your chairmanship, Miss Begg, and to be here to respond to the excellent report of the Select Committee on Culture, Media and Sport. I pay tribute, as colleagues have done, to the Chairman of the Select Committee, the hon. Member for Maldon and East Chelmsford (Mr. Whittingdale) for his excellent chairing. We will not always agree on the issues raised by the Committee, but he has always treated Ministers reasonably in putting points to us. I was grateful for his broad welcome of many of the measures in the Licensing Act, and I will respond to some of the issues that he raised later in my contribution.

As the hon. Member for Wantage (Mr. Vaizey) said, no hon. Members who have spoken, other than my hon. friend the Member for Selby (Mr. Grogan), chair of the all-party group on beer, are with us, but I am sure that they will be interested to read in *Hansard* my responses to the issues that they raised. Each, in their own way, has brought expertise to this debate in terms of commitments to their constituency and the issues that they raised.

I acknowledge the contribution made by the hon. Member for Shipley (Philip Davies), who has his own personal views on how to deal with the issues that he faces. I did not agree with him about irresponsible advertising; I shall return to that a little later. As has been said, the hon. Member for Montgomeryshire (Lembit Öpik) supports live music and is passionate about the issues that face his constituency. My hon. Friend the Member for Selby has an excellent track record on issues relating to the Licensing Act, and I am grateful to him, perhaps more than most, for killing some of the myths around the Licensing Act relating to binge drinking. Some people have tried to use the Licensing Act as the bearer of bad news for all issues involving problems with drinking. We know that that is not the case, and I am grateful to my hon. Friend for his work with the sector.

The hon. Member for Cities of London and Westminster (Mr. Field) raised different issues relating to the uniqueness of the capital and the problems that it faces with licensing. The hon. Member for Teignbridge (Richard Younger-Ross) raised a number of issues to which I ought to respond, but again, he broadly welcomed what occurs in relation to the Licensing Act and the objectives that we have tried to reach. I think that my hon. Friend the Member for Selby said that very few parties, if any, will go into the next election saying that they want to move away from the change in licensing hours. The hon. Member for Wantage clearly must have his political rant; that is what he is there for. He is the Opposition spokesperson, so he cannot agree with anything that the Government do for fear of losing his job. However, I recognise some of the points that he raised, and I will try to respond to them in the spirit that he made them.

It is always a great pleasure to be involved in such debates. What strikes me is how many people's lives are affected by the Licensing Act and by Department for Culture, Media and Sport issues. The issues that we face are important to the economy right across sectors, but they are also important to the lives of our constituents. I have listened to the many points raised by hon. Members, and I will try to respond to them.

We should not lose sight of the important impact that the Licensing Act has on our economy. It is vital, particularly in difficult times, not to do anything that damages opportunities within the economy. I am mindful of that and have tried to ensure that colleagues are too as we have talked through the issues. However, although it is important to the economy, it is also important to the enrichment of our lives, whether that involves visiting the pub, watching a ballet performance, attending a village fête or going to a gig. Many licensed premises such as community pubs and village halls play an important role in our communities.

The Act also covers areas where it is important to provide public protection from crime and disorder, public nuisance and so on. The Government believe that it is vital that the sale of alcohol, in particular, is properly regulated. However, there is a fine balance between providing the necessary public protection and safeguarding the rights of the responsible majority. It is particularly right and important to get the legislative balance right in these difficult times when many businesses are struggling, local authorities' resources are being squeezed and individuals are tightening their belts.

That was apparent in the statistics released today that show an increase in the number of premises licences surrendered and lapsed and a decrease in applications

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compared to last year, which may be a result of the recession. However, the industry seems to be responding innovatively, with businesses diversifying what they offer to attract customers, as the hon. Member for Wantage pointed out. The number of temporary event notices increased, and I am pleased to say that so did the number of premises licences with any regulated entertainment. Significantly, today's statistics show that there has been an 11 per cent. increase in premises licences with live music authorisation between 2007 and 2009.

That leads me to perhaps the main issue raised by the Select Committee Chair in relation to live music. My right hon. Friend the Secretary of State and I understand that many people who are passionate about live music are sincere in their view that some small events are being deterred or restricted because of unnecessary regulation. We are therefore minded to consider an exemption from the Licensing Act for live music in small venues with a capacity of less than 100, and we will set out the consultation. My right hon. Friend will write to Cabinet colleagues about the possibility of bringing forward a legislative reform order to deliver such an exemption. As hon. Members know, for that to be successful it must have the support of cross-party Committees in both Houses of Parliament. He believes that this should not be a party political issue, so he will write to his opposite numbers in other parties to try to establish a cross-party consensus. We believe that it is possible to deliver on that.

In establishing the consultation, I understand that local authorities and others have concerns. I acknowledge the point that was made about St. Albans and I was not trying to chide the Select Committee Chairman. I think that Councillor White has an opportunity to help and I am sure he will want to, given that we have expressed our views on the issues that affect St. Albans. I acknowledge that there are concerns about public protection issues such as disorder, public safety and noise nuisance. That is why we have to consult fully on the exemption. We will also seek to create a power to remove an exemption if there are problems at a premises.

We propose to consult on measures to clarify that facilities for making music do not require a licence if they are used to play incidental music, which is already exempt from licensing requirements. For facilities to be separately licensable in such situations would be absurd and was not intended under the 2003 Act. As part of the clarification, the consultation will propose a change to the definition of "entertainment facilities" so that the mere provision of musical instruments, such as a pub piano, is not licensable. We believe that the changes will assist the excellent work of the Musicians Union, local government and the British Beer and Pub Association on the live music working party to ensure that venues take advantage of the incidental music exemption and, where appropriate, the new minor variations procedure.

In addition to those measures, we will continue to support live music through music sponsorship initiatives. Arts Council England supports a wide range of artistic activities. It funds 107 music organisations and makes a large number of project funding awards through the "Grants for the arts" lottery programme. Following a recommendation by the Live Music Forum, we have committed £500,000 to set up 10 pilot music rehearsal spaces in local authority-owned buildings in England over the financial years 2008-09 and 2009-10.

Live music is just one area in which we are pleased to announce progress since the publication of the Select Committee's report. As the Select Committee Chairman has acknowledged, we have taken several important steps to make the licensing regime more efficient and to remove unnecessary burdens on thousands of businesses and voluntary organisations. We have introduced the minor variations process to make it quicker and cheaper to make small changes that do not affect the licensing objectives. We have introduced an order to ease the burden on village halls and community premises when applying for licences to sell alcohol. We have published a consultation document on the introduction of an electronic application process.

Those are important steps that reduce the burden of the 2003 Act and have resulted in a considerable reduction in red tape. The administrative savings are estimated to be £99 million per annum. That will benefit not just businesses, but the third sector and non-profit-making clubs. We are aware that more needs to be done and we plan to consider the design of the licensing forms and other aspects of the application system, such as advertising, once other simplification measures have been implemented.

We are in the early stages of drawing up a consultation on new simplification measures that are designed to reduce the administrative costs of the 2003 Act. I will mention just two of the proposed changes. First, on temporary event notices, we intend to consult on giving the police a discretionary power to allow late notifications for low-risk events. That might help circuses. As the current minimum notice period for temporary event notices is 10 working days, that will help event organisers when, for example, they are forced to cancel an event at short notice and wish to reschedule for the following weekend. The police have indicated that, in principle, they would welcome such a discretion.

Secondly, as I indicated in my response to the Select Committee, the consultation will propose an extension to the period during which the licence can be transferred after the death of the premises licence holder. As the Select Committee Chairman said, the current period is seven days. That also applies to incapacity and insolvency. We agree that in such circumstances the time scale is too short and are minded to replace it with a period of 28 days.

I have listened to requests for the licensing authorities to be more involved in the review process. We have proposed amendments to the Policing and Crime Bill to increase their involvement. That would allow any member of the local council to call for reviews by making them interested parties under the legislation. At present, a local councillor cannot call for a review unless they live near the premises or are asked to do so by a local resident. We propose to allow licensing officers, who often have local knowledge about licensed premises, to call for reviews without waiting for another part of the authority or the police to do so. That would replace the parts of the proposed mandatory code that would have given licensing authorities similar, but less flexible, powers on groups of premises. Those proposals have been welcomed by licensees and local authorities.

I now turn to specific issues raised by the Select Committee Chairman and other hon. Members. On alcohol promotions, we are not minded to introduce minimum pricing, as suggested by the hon. Member for Teignbridge (Richard Younger-Ross). We will look closely at what happens in Scotland. We want to use legislation to take action when there is an evidence base to show that promotions are irresponsible. We will ensure that those issues are discussed under the Policing and Crime Bill.

The mandatory code is important. We want to ensure that the more than 7,000 responses are analysed properly. The Select Committee Chairman spoke about the Prime Minister's announcement. It is important that we do all that we can to ensure that we have the right powers in the right places. The Prime Minister simply wanted to ensure that we had looked at all the avenues and that we move forward on the right basis.

The Government are not minded to implement a database of personal licence holders. We do not think that there is a strong enough business case to justify committing public money to that proposal. That is based on the evidence put to us by external consultants in 2005. We will monitor the situation and consider the suggestions of local authorities and responsible authorities on how the existing information can be shared more effectively. I am sure that the Select Committee will return to that issue if no progress is made.

As the Minister with responsibility for sport, gambling and licensing, I believe that sport at every level is vital to the nation. Community sports clubs are a key element in creating the champions of the future. We do not want to do anything that would attack or upset such clubs. That is why we strongly support the community amateur sports club scheme, which provides a range of tax benefits, including mandatory tax relief on 80 per cent. of business rates and the ability to claim gift aid on donations. There is a difficulty in subsidising alcohol in such premises. We need to discuss further how such a differential can be made. I was interested in the comments of the Select Committee Chairman on that. Perhaps we will return to that issue in our discussions about how to support such small clubs, which are a key part of our sporting life.

The Government want to work with the Live Music Forum and local government to support more live music. We want to ensure that musicians at all levels have the opportunity to perform live. The two-in-a-bar rule militated against groups. As we heard earlier, many people now get involved in music by joining groups. We will listen to campaigners and work with the Musicians Union and the Live Music Forum. Now that I have made the announcement about the consultation, I am happy to have further discussions about how we can move forward.

The debate on this issue is passionate, but we must recognise the role that local government plays. I do not support local government being aggressive by putting preventions in place to stop live music. We must strike the right balance. The working groups have given us good evidence and I hope that the Select Committee will support us as we move forward.

The hon. Member for Teignbridge asked why we do not simply implement Lord Clement-Jones's Live Music Bill. Clearly, the Bill contains similar measures to those I have announced today, and would have a stronger chance of being passed if we get all-party support and use the legislative reform order procedures.

I recognise the great work done by the hon. Member for Mid-Worcestershire (Peter Luff) on circuses—he has talked to me on many occasions about the problems that they face. Through the simplification plan, we have tried to help travelling circuses and we think that the electronic application form will benefit them. The decision to allow people to make late notification for low-risk temporary events where the police do not have concerns will also help circuses. That does not meet all the hon. Gentleman's requirements, but they are positive steps in the right direction.

I share the Committee's concerns about form 696. Committee members and colleagues will know that the form is a matter for the Metropolitan police. I am very concerned about the application of the form and, through officials, have had discussions with ACPO and the Met. I am pleased to say that the form is to be re-presented, which we expect to happen some time soon. The form will be voluntary and is not intended to be used for live music events, which is a significant step forward.

Clearly the police must find a balance in terms of their concerns, and it is right that they put things forward in a positive way, but they must do so sensitively. They need to ensure that the language of the form is correct. We have been offering advice to the Met, but as the form is its responsibility, we will wait to see what happens when the new form is published. As I have said, it is important to recognise that 696 is a voluntary form. Of course, unlike the Mayor of London, we believe that the Met is operationally independent. I understand that there have been several incidents and serious violence at some venues, therefore the right balance must be sorted out.

On the issues around lap-dancing, the Home Office has released a consultation on the transitional arrangements for existing lap-dancing businesses, and we will closely examine the responses. We have talked about the annual review, but clearly if a case is made about business concerns, we will consider it. It is clear that a balance has to be struck between the rights of such businesses to exist and the needs of local people and the issues that affect them. We will therefore consult on the matter.

The hon. Member for Maldon and East Chelmsford talked about the need for partnership working, and he was right to do so because the issues raised in the Committee's report affect a number of Departments. His contribution related to the Home Office, with which it is important we continue to work. The Home Office is very clear about the DCMS view on many of these issues, and we had a joint seminar on the approach of councillors and local authorities to licensing. The variance in the different guidelines given by local authorities to the bodies concerned is quite staggering. The guidelines range from being 2 inches thick to those that are more appropriate.

That variation was the reason for adopting the beacon authority principle. Brighton is a good example of what can be done—people have been working together and have been flexible, both from the business and community side. There is nothing at all party political in dealing with the matter. Geoffrey Theobald has done a fantastic job in leading that side of policy. As well as his work in Brighton, he has put his comments through the

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Local Authorities Co-ordinators of Regulatory Services and has worked tirelessly to try to ensure that the Act works properly.

I was staggered to find that there is a Punch and Judy association. Its website states that there are myths about Punch and Judy performances and that the Licensing Act has not restricted Punch and Judy performances in any way.

It is always a pleasure to respond to the Committee's welcome reports. There are issues that will continue to be discussed and that we will have to face in the future. It is with great pleasure that I have been able to respond to the Committee today and I look forward to the further work ahead.

Miss Anne Begg (in the Chair): Does the Chair of the Committee wish to sum up?

4.44 pm

Mr. Whittingdale: I thank the Minister for that response. He has indicated that the Government are prepared to look at possible further changes in several areas. That is obviously welcome and, in terms of exemption for small venues, I very much hope that his view that changes can be brought in before an election is right. I cannot speak for my hon. Friend the Member for Wantage (Mr. Vaizey) but, judging from what we have heard from both Front Benchers, I think that the Minister will find that there is general support for such changes.

Question put and agreed to.

4.45 pm

Sitting adjourned.